

**STATE OF CALIFORNIA
DEPARTMENT OF CONSUMER AFFAIRS
ARBITRATION CERTIFICATION PROGRAM**



2006 CONSUMER SATISFACTION STUDY

**FINAL REPORT OF
CUMULATIVE 2006 ANNUAL SURVEY RESULTS**

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EXECUTIVE SUMMARY (FOUR PAGES)

METHODOLOGY

- * This is the second annual consumer satisfaction study of the California Arbitration Certification Program administered by the Department of Consumer Affairs. Once again, Aurora Research Group attempted to conduct a census of all consumers whose vehicle arbitration cases were closed in each of the four quarters of 2006. A hybrid design was used, consisting of telephone interviews followed by mail surveys sent to all those who could not be reached by telephone. Four quarterly survey waves were conducted.
- * Of the combined total of 1,956 program participants who were invited to participate, surveys were completed either by telephone or by mail by 623 program users, for an overall response rate of 32%. Results for the entire annual 2006 study are considered accurate to within + or - 3.2%, nineteen times out of twenty.
- * Approximately half of all respondents contacted the Arbitration Certification Program for assistance in 2006.

DEMOGRAPHICS

- * The plurality of survey respondents who had vehicles arbitrated in 2006: were males, were aged between 35 to 54 years, were well educated (college degree or higher), were Caucasian, lived in households with annual incomes of \$100,000 or more, spoke English at home, had home computers with Internet access, and owned their vehicles. The median number of vehicles in the household was two.

FAMILIARITY WITH LEMON LAW & ARBITRATION PROCESS

- * California's Lemon Law and arbitration process is not particularly well-known among California consumers: overall, in 2006, only a quarter (24%) of all respondents said they were familiar with the arbitration process prior to purchasing their vehicle. This represents a decline from the 30% in 2005 in terms of those who were familiar with vehicle arbitration.

OUTCOME OF ARBITRATION HEARING

- * Respondents who received awards as a result of their arbitration were consistently and significantly more positive in their evaluations of all aspects of arbitration than were respondents who did not receive awards. Results are therefore presented by arbitration outcome.
- * Fewer than half (43%) of all respondents received an award as a result of their vehicle arbitration in 2006, about the same percentage as in 2005.
 - ✕ No demographic characteristics (age, gender, ethnicity, income, or education) distinguished those who received an award from those who did not – a very positive result as it indicates there is no overt or covert discrimination affecting the outcome.
 - ✕ Owners of Ford vehicles and those whose cases were processed through the Better Business Bureau Autoline Program were the most likely to have received an award.

- * Vehicle buyback was the most frequent award and occurred in 61% of the awarded cases, followed by vehicle replacement (14%), and then by agreement to pay for past and/or future repairs (12%). Only 2% received an extended warranty.
 - ✗ Among those who received a buyback (156 respondents), 11% were charged negative equity, that is they had to pay loan charges.
 - ✗ Of the 14% (36 respondents) who had their vehicle replaced, 25% were charged upgrade fees for a standard option.

OVERALL EVALUATION OF ARBITRATION PROCESS

Providing a Valuable Service for Consumers

- * Personal experience influenced respondents' perceptions of the value of arbitration: the vast majority of participants who received an award felt the arbitration process provided a **valuable** service for consumers and the majority who did not receive an award felt it was not a valuable service.
 - ✗ Respondents who received an award were significantly more positive in their evaluations of the value of the arbitration process this year compared to 2005. There was, however, no difference between the years among those who did not receive an award.

Perceived Bias

- * The vast majority (79%) of those who did not receive an award felt the arbitration process was **biased in favor of the vehicle manufacturer** while the vast majority (83%) of those who received an award felt the process was **neutral and unbiased**.
 - ✗ Among those who received an arbitration award, significantly more respondents this year than last year felt the arbitration process was neutral and unbiased.

Satisfaction with Personal Arbitration Experience

- * Most (86%) of respondents surveyed who received arbitration awards during 2006 were **satisfied with their own personal experience** with the entire arbitration process while only 21% of those who did not receive an award were satisfied.
 - ✗ Overall satisfaction with the arbitration process was higher in 2006 compared with 2005, but only among those respondents who received arbitration awards.
 - ✗ Overall satisfaction did not vary by type of vehicle, method of arbitration, administrative service or demographic characteristics. The only distinguishing feature affecting ratings of overall satisfaction was whether or not an award was received as a result of arbitration.
- * Ratings of arbitration as being a **fair** and **fast** process also depended on outcome: among those who received awards in 2006, the vast majority felt the process was both fair and fast. Among those who did not receive an award, only a few (14%) felt the process was fair and less than half (47%) rated it as fast. **Fairness** was more important to respondents than speed.

Assessment of Hearing Outcome

- * Three-quarters of respondents who received awards felt the outcome decision was "very fair" and about the same percentage of those who did not receive awards felt the outcome was exactly the opposite ("very unfair").
- * Ratings of fairness were also dependent on the type of award received – those whose vehicles were **bought back or replaced** were significantly more positive than those who received an agreement to pay for past and/or future repairs, or something else.

EVALUATION OF VEHICLE MANUFACTURER INTERACTIONS

- * Even though respondents who received awards were more positive than those who did not, in general, **respondents were not happy** with their interactions with the vehicle manufacturer's representatives throughout the arbitration process (less than half).
 - ✕ Evaluations did not change from 2005 to 2006.
 - ✕ Respondents whose cases were administered by the California Dispute Settlement Program, and who owned Toyota vehicles were the most positive in their overall evaluations of the vehicle manufacturer's representatives.
- * **Courtesy** was the most important factor in terms of overall satisfaction with the vehicle manufacturer's representatives, followed by the accuracy of the information provided, and accessibility.
- * Just under a third of all those surveyed (32%) received a manufacturer's offer to settle the case prior to the arbitration hearing. Nissan, Ford, and General Motors manufacturers tried to settle more frequently than Toyota.

EVALUATION OF ADMINISTRATION SERVICE

- * Overall, ratings of the administration service were more positive than evaluations of the vehicle manufacturer's representatives. They were also dependent on arbitration outcome: those who received award gave the highest ratings for being knowledgeable about the process and providing reliable information and assistance, while those who did not receive an award gave the highest ratings for their administration service's timeliness in setting up the hearing, followed by being easy to reach.
 - ✕ Among award recipients, positive ratings in general increased significantly from 2005 to 2006.
 - ✕ How an arbitration hearing was conducted significantly influenced the evaluations of the administration service among those who received arbitration awards.
 - ✕ Evaluations did not vary by administration service.
- * The most important aspect of overall satisfaction with the administration service was providing reliable information and assistance among both groups of respondents.

ASSESSMENT OF THE ARBITRATOR (TELECONFERENCE & IN-PERSON MODES ONLY)

- * At least 90% of award recipients rated each aspect of the arbitrator positively, giving the highest ratings for professionalism, specific case knowledge, and courtesy. Although participants who did not receive awards were consistently less positive in their arbitrator evaluations, the highest ratings for interactions with the arbitrator were similar to those of award recipients, including: courtesy, professionalism and knowledge about the arbitration process.
 - ✕ Among award recipients, the level of satisfaction with the arbitrator increased significantly in 2006 for almost every aspect evaluated. The differences, however, among those who did not receive an award, were not found to be statistically significant.
 - ✕ The type of hearing influenced how award recipients rated the arbitrator in terms of fairness, while ethnicity seemed to affect those who did not receive an award and how assessed the arbitrator's courtesy and knowledge about the process.

- * Regardless of whether or not respondents received an award, **fairness** was the most important aspect in terms of overall satisfaction with the arbitrator. Other important factors varied by arbitration outcome.

MOST IMPORTANT PROCESS TO CONSUMERS

- * Although evaluations of the vehicle manufacturer's representative, interactions with the administrative service, and evaluations of the arbitrator all contributed to overall satisfaction with the entire arbitration process, **satisfaction with the arbitrator was the most important** part of the process to consumers.

SPECIFIC EVALUATIONS WITHIN MODE OF ARBITRATION HEARING

- * Seven in ten participants whose cases were arbitrated via teleconference calls felt their scheduled time was convenient (72%) and gave positive evaluations for the transmission quality of the call.
- * In-person hearings were held in cities throughout the state, but approximately half took place in the greater Los Angeles area. They were most often conducted at Better Business Bureau sites, followed by car dealerships, and then hotels. The time and location of the arbitration hearing were convenient for the majority of both groups of respondents who attended the in-person arbitration hearings and nearly all (regardless of outcome) rated the hearing environment as "private."
 - x Evaluations did not change from 2005 to 2006.

IMPROVEMENT OF PROCESS

- * The vast majority of respondents who received an award said they would want the hearing conducted the **same** way if they had to go through arbitration again, while the vast majority of those who did not receive an award would have it conducted differently.
 - x The same percentages in 2006 as 2005 said they would conduct the hearing the same way again.
- * Nearly nine in ten of those respondents who received awards would likely **recommend** the arbitration process to a friend, compared with only a quarter of those respondents who did not receive awards.
- * There were more **suggestions for improvement** from respondents who did not receive awards than from those who did. Suggestions ranged from making the process fairer and using arbitrators that are unbiased and who have more vehicle knowledge to having a faster process overall as well as comments about the manufacturers' representatives.

RECOMMENDATIONS:

1. Based on the 2006 survey results, ACP should continue its efforts to inform consumers about the California Lemon Law and the arbitration process in order to increase the visibility of the program.
2. Although arbitrator evaluations have increased in 2006 among award recipients, they continue to be the most highly related to overall satisfaction with the arbitration process and, therefore, the ACP should continue to monitor the arbitrators,

particularly with regards to perceived bias (or fairness) and arbitration knowledge (about the law, the process and the specific case).

3. The administration services seem to be improving, if only among those who received awards; however, ACP should continue to emphasize to the BBB and the CDSP the importance of providing reliable information and assistance to consumers who apply to the vehicle arbitration program.
4. ACP could encourage vehicle manufacturers to continue having their representatives participate in the hearing process either in person or by teleconference call.
5. Manufacturers' representatives should also be reminded of the importance of courtesy in the arbitration hearing process – specifically among those who represent manufacturers that use the BBB to administer their vehicle arbitration cases.
6. Manufacturers should ensure that consumers who are awarded a vehicle buyback do not have to pay loan charges or negative equity. Similarly, those who are awarded vehicle replacement should not be charged upgrade fees for standard options.

PROJECT BACKGROUND & STUDY DESIGN

Research Objectives

The California Arbitration Certification Program (ACP) contracted Aurora Research Group to continue its ongoing consumer satisfaction study by conducting another four quarterly surveys in 2006 to assess the arbitration process offered by car manufacturers and overseen by the Department of Consumer Affairs.

Specific objectives of the research were to:

- Assess overall satisfaction with the Arbitration Certification Program (ACP) and with the different Dispute Resolution Programs, manufacturers' representatives, and individual arbitrators,
- Measure the effectiveness of each Dispute Resolution Program by evaluating aspects such as the ease of understanding the materials, the timeliness of the resolution process, and the convenience and location of the hearing,
- Understand attitudes about the programs, including perceived value and fairness, and the likelihood of recommending it to others,
- Compare current results with those of the 2005 study, and
- Gather demographic information of program users.

The feedback from this process will be used by ACP to continue to monitor and improve the dispute resolution programs in California. The results presented in this report represent the **annual results** of the four quarterly surveys conducted in 2006, based on arbitration cases closed in 2006.

Sampling Design and Response Rate

Aurora Research Group continued the hybrid sampling design of conducting a census of ACP users whose cases closed in 2006. In our attempt to gather input from all users, we conducted telephone interviews and followed up with mail surveys sent to all those who could not be reached by telephone.

ACP provided Aurora Research Group with an electronic list of names and addresses of participants who had undergone vehicle arbitration. However, 23 participants had the same address (5055 Wilshire Blvd, Suite 300), assumed to be that of Krohn & Moss, Ltd., a law office. Additionally, nine records were duplicated (exact same information in all columns). These records were deleted from the study, leaving a total of 1,956 potential respondents in 2006.

TABLE 1: RECORDS RECEIVED

PROGRAM	NUMBER	PERCENT
CONSUMER ARBITRATION PROGRAM (CAP-RV)	0	0%
BETTER BUSINESS BUREAU AUTO LINE (BBB)	1,634	84%
CALIFORNIA DISPUTE SETTLEMENT PROGRAM (CDSP)	322	16%
TOTAL	1,956	100%

Aurora Research Group attempted to telematch the remaining 1,956 records. Results for the 2006 “hit rate” (or the percentage of all records for which a telephone number was found by quarter) is outlined in Table 2. In the fourth quarter, we telematched about half (50%) or 971 of the 1,956 records provided.

TABLE 2: TELEMATCH RATE

QUARTER	# OF RECORDS RECEIVED	NUMBER OF TELEPHONE NUMBERS MATCHED	PERCENTAGE TELEMATCHED
FIRST (JAN., FEB., MAR.)	510	267	52%
SECOND (APRIL, MAY, JUNE)	519	268	52%
THIRD (JULY, AUG., SEPT.)	486	237	49%
FOURTH (OCT., NOV., DEC.)	441	199	45%
TOTAL	1,956	971	50%

In the 2006 survey, 42% of all completed surveys were conducted with a Computer-Assisted-Telephone-Interviewing (CATI) system.

TABLE 3: COMPLETED INTERVIEWS BY METHODOLOGY

QUARTER	# OF TELEPHONE SURVEYS	PERCENTAGE OF TELEPHONE SURVEYS	# OF MAIL SURVEYS	PERCENTAGE OF MAIL SURVEYS	TOTAL NUMBER OF SURVEYS
FIRST	59	38%	96	62%	155
SECOND	68	43%	92	58%	160
THIRD	83	50%	83	50%	166
FOURTH	53	37%	89	63%	166
TOTAL	263	42%	360	58%	623

The overall response rate for the telephone survey component in 2006, that is, the total number of willing respondents divided by the total number of qualified respondents, was 62%, as presented in the Table 4.

TABLE 4: TELEPHONE SURVEY RESPONSE RATE

QUARTER	# OF WILLING & QUALIFIED (COMPLETED)	# OF QUALIFIED RESPONDENTS	COMPLETED INTERVIEWS	PARTIAL COMPLETE	LANGUAGE BARRIER	REFUSAL – SOFT	REFUSAL – HARD	REFUSAL – CALL BLOCK	REFUSAL – TOO ANGRY WITH PROCESS	INCIDENCE RATE (WILLING / QUALIFIED)
FIRST	59	113	59	7	9	13	10	15	0	52%
SECOND	68	105	68	1	3	9	12	10	2	65%
THIRD	83	120	83	8	1	13	9	6	0	69%
FOURTH	53	83	53	2	6	10	4	7	1	64%
TOTAL	263	421	263	18	19	45	35	38	3	62%

Aurora Research Group mailed a hard copy of the survey to those ACP participants whose name and addresses were not telematched. Surveys were also mailed to participants who could not be reached via the telephone survey.

Along with the questionnaire, Aurora Research Group mailed a cover letter and a postage-paid return envelope. For participants with Spanish surnames, we included a Spanish translation of the cover letter and the survey. The next table outlines the number of surveys mailed and received.

TABLE 5: MAIL SURVEY RESPONSE RATE

QUARTER	ENGLISH	SPANISH	TOTAL MAILED	RETURNED	RESPONSE RATE
FIRST	370	81	451	96	21%
SECOND	367	89	448	92	21%
THIRD	317	49	366	83	23%
FOURTH	308	80	388	89	23%
TOTAL	1,362	299	1,653	360	22%

In 2006, the margin of error¹ for a completed sample of 623 surveys is + or – 3.2%, at the 95% confidence level. In other words, we are 95% sure that the true population parameters lie within +/- 3.2% of the sample statistics. As an example, if a response category to a question were chosen by 50% of program participants, we would be 95% sure that the true

¹ With a finite population correction (FPC) factor applied, in part because the sample represents more than 10% of the population.

population parameters would lie between 46.8% and 53.2% (50.0% +/-3.2%). This is the most conservative level, and is generally used when describing the study as a whole. Individual margins of error for each question could be smaller, depending on the proportion of respondents choosing a specific response category.

Of the 1,956 program participants who were invited to participate in 2006, surveys were completed either by telephone or by mail by 623 program users. **The overall response rate of 32%, and considered very acceptable for this type of study.**

TABLE 6: OVERALL RESPONSE RATE

QUARTER	TOTAL # OF RECORDS RECEIVED	COMPLETED SURVEYS	RESPONSE RATE	MARGIN OF ERROR (AT THE 95% CONFIDENCE LEVEL) ²
FIRST	510	155	30%	+/- 6.6%
SECOND	519	160	31%	+/- 6.5%
THIRD	486	166	34%	+/- 6.2%
FOURTH	441	142	32%	+/- 6.8%
TOTAL	1,956	623	32%	+/-3.2%

However, the cumulative response rate in 2006 (32%) dropped significantly from 2005, (40%).

TABLE 7: RESPONSE RATE BY YEAR

YEAR	TOTAL # OF RECORDS RECEIVED	COMPLETED SURVEY	RESPONSE RATE
2005	2,132	853	40%
2006	1,956	623	32%

Arbitration Programs

In 2006, ACP oversaw 21 separate arbitration programs, defined according to vehicle manufacturer. In 2006 there were valid³ records from 15 of the 21 programs, none of which were from consumers whose vehicle (actually RV) was arbitrated through the Consumer Arbitration Program (CAP-RV). **The vast majority (81%) of all respondents had processed their arbitration hearing through the Better Business Bureau (BBB) Autoline Program**, which administers the arbitration program with the widest variety of

² The finite population correction factor was applied in order to calculate these margins of error.

³ The records with the 5055 Wilshire Blvd. address (previously discussed on page 9) were not considered to be valid and therefore, excluded from the study.

manufacturers: AM General, Bentley, BMW (including Mini Cooper), Ford (including Lincoln, Mercury, and Motor home chassis), General Motors (including Buick, Cadillac, Chevrolet, Geo, GMC, Oldsmobile, Pontiac, and H2), Honda/Acura, Hyundai, Isuzu, Land Rover, Lotus Cars, Nissan/Infiniti, SAAB, Saturn, Volkswagen/Audi, and Workhorse.

The remaining 19% of all respondents used the California Dispute Settlement Program (CDSP), which administers the arbitration program for Porsche, and Toyota/Scion.

Although not represented in this year's surveys, the Consumer Arbitration Program – Recreational Vehicle (CAP-RV) represents Coachman, Monaco, National RV Holdings, and Winnebago.

TABLE 8: COMPLETED SURVEYS BY ADMINISTRATIVE PROGRAM

QUARTER	CAP-RV	BBB AUTO LINE # (%)	CDSP # (%)
FIRST	0	135 (87%)	20 (13%)
SECOND	0	130 (81%)	30 (19%)
THIRD	0	132 (80%)	34 (20%)
FOURTH	0	107 (75%)	35 (25%)
TOTAL	0	504 (76%)	119 (24%)

In terms of the response rate within each administrative program, Table 9 illustrates that the response rate among CDSP participants (37%) was higher than the response rate among BBB participants (31%).

TABLE 9: RESPONSE RATE BY ADMINISTRATIVE PROGRAM

PROGRAM	NUMBER OF RECORDS	NUMBER OF COMPLETED SURVEYS	RESPONSE RATE
CAP-RV	0	.-	.-
BBB AUTO LINE	1,634	504	31%
CDSP	322	119	37%
TOTAL	1,956	623	32%

Vehicles Arbitrated

In terms of specific vehicle manufacturers, the questionnaire first confirmed the make of the respondent's vehicle. Then the vehicles were grouped by manufacturer. The 2006 results were similar to those of 2005 and are presented in the following table.

TABLE 10: MANUFACTURER OF ARBITRATED VEHICLES IN 2006

MANUFACTURER	NUMBER	PERCENT
AM General	1	<1%
BMW (includes Mini Cooper)	13	2%
Ford (includes Lincoln, Mercury, Ford Motor Chassis)	164	26%
General Motors (includes Buick, Cadillac, Chevrolet, GMC, Geo, Pontiac, Oldsmobile)	133	21%
Honda/Acura	34	5%
Hyundai	13	2%
Isuzu	2	<1%
Land Rover	6	1%
Nissan/Infiniti	68	11%
Porsche	2	<1%
SAAB	5	1%
Saturn	4	1%
Toyota (includes Scion)	117	19%
Volkswagen/Audi	50	8%
Workhorse Custom Chassis	1	<1%
<i>Non-response (blank)</i>	10	2%
TOTAL	623	100%

Respondents were also asked to briefly describe the main concern with their vehicle. Reported problems are summarized in Table 11. It can be seen that engine problems were foremost among those respondents whose vehicles were arbitrated in 2006, followed by electric system issues, which was consistent with the 2005 survey results.

TABLE 11: MAIN AREA OF CONCERN

MAIN AREA OF CONCERN	PERCENT
Engine	35%
Electric system	14%
Noises	9%
Other problems	9%
Brakes	7%
Steering / Handling	7%
Transmission	7%
Multiple problems	6%
Exterior	4%
Interior	3%
Climate control	2%
Water leaks	2%
Non-response	4%
TOTAL	100%

Method of Conducting Hearing

Regardless of arbitration administration program, there were three ways to conduct a hearing: by teleconference, in-person at a specific location, or by a documents-only process. The percentage of arbitration hearings that were conducted in-person in 2006 significantly increased from 2005 (70% vs. 82%). This shift was offset by a decrease in the percentage of hearings conducted via teleconference call (from 19% in 2005 to 9% in 2006). Nine percent of all 2006 hearings were conducted via documents only, similar to 2005.

TABLE 12: TYPE OF HEARING⁴ BY SURVEY YEAR

YEAR	IN-PERSON NUMBER (%)	TELE- CONFERENCE NUMBER (%)	DOCUMENTS- ONLY NUMBER (%)	TOTAL NUMBER (%)
2005	561 (70%)	152 (19%)	87 (11%)	800 (57%)
2006	495 (82%)	54 (9%)	52 (9%)	601 (43%)
TOTAL	1,056 (75%)	206 (15%)	139 (10%)	1,401 (100%)

⁴ The sum of respondents in the three types of hearings is less than the total number of respondents for the year (as noted in earlier tables) because some participants did not answer the question about how their arbitration hearing was processed.

In 2006, we added a question about the participation of the vehicle manufacturer's representative to better understand the dynamics of the hearing. The survey asked those participants who conducted in-person and teleconference hearings (only) the following question: "And what about the manufacturer's representative? Was he/she on a teleconference call with the arbitrator, did he/she appear in person with the arbitrator at a designated location, did he/she not participate or something else?" Results are presented by quarter with an annual cumulative percentage in the following table:

TABLE 13: VEHICLE MANUFACTURER'S PARTICIPATION IN HEARING

QUARTER	TELECONFERENCE CALL	IN-PERSON	SENT WRITTEN DOCUMENT	NO SHOW	OTHER
FIRST	36%	41%	3%	20%	0%
SECOND	38%	43%	5%	14%	0%
THIRD	45%	46%	2%	6%	1%
FOURTH	50%	48%	2%	1%	2%
TOTAL	42%	44%	3%	10%	1%

Questionnaire

The 2005 questionnaire was used as a draft and minor revisions were made to reflect new information requirements for the 2006 questionnaire. One questionnaire was designed for both the telephone and mail surveys, although questions were suitably adapted for each format, and will be used in all four survey waves. Most of the questions were asked in a closed-ended format, and up to four questions were asked as open-ended. Verbatim responses were captured and later categorized for quantitative analyses.

In the telephone survey, the interviews took approximately 12 minutes on average to administer. We asked to speak with the potential respondents by name (as provided by ACP), screened for age (adults at least 18 years old), and confirmed their experience of having had a vehicle arbitrated recently. The survey was administered mainly in English; however a Spanish translated version of the survey was available for those who preferred to participate in that language and eight telephone respondents chose to conduct the survey in Spanish. For the mail survey, the approved questionnaire was translated into Spanish and formatted appropriately for ease of completion. Nineteen mail surveys were completed in Spanish.

Methods of Analysis

Survey results were analyzed using univariate, and multi-variate statistical techniques. The type of analysis depended upon the kind of variable analyzed and the hypotheses that were generated through an examination of the initial results. Unless otherwise noted, frequency percentages cited in this document represent *adjusted* frequencies, meaning that percentages have been adjusted to account for any non-responses (refusals to answer) or non-qualified responses (questions not answered due to answers to previous questions). In order to conduct some of the more advanced statistical techniques such as multiple regressions (used in the annual report); undecided respondents were necessarily eliminated from the analysis due to underlying statistical requirements.

Researchers are interested in assessing whether or not the differences in observed percentages between certain groups of individuals are due to chance, or if they represent real differences among the subpopulations. Differences are identified by running statistical analyses and are discussed in the report. Statistical significance within crosstabulation tables was calculated using chi square (χ^2) statistics. Tests of proportion were used to identify differences in responses between questions, survey waves, or groups of respondents. The level of significance was generally set to a p value of .05.

Caveat:

The sole purpose of this report is to provide a collection, categorization and summary of public opinion data. Aurora Research Group intends to neither endorse nor criticize the State of California, the Department of Consumer Affairs, the Arbitration Certification Program; or their policies, products, or staff. The Client shall be solely responsible for any modifications, revisions, or further disclosure/distribution of this report.

RESULTS & CONCLUSIONS

The survey results are organized and presented as follows: within each section, the accumulated annual 2006 survey results based on the 623 completed questionnaires are first presented, generally by arbitration outcome (whether respondents received an award or not). This includes descriptive statistics, results of analyses identifying important contributors to overall ratings of the arbitration process, and discusses any key areas for improvement. Next, results by survey year (2005 vs. 2006) are presented and any significant differences are discussed. Finally, any group differences in 2006 due to vehicle manufacturer (Ford, General Motors, Toyota/Scion, Nissan/Infiniti, or Other),⁵ type of arbitration administration program (Better Business Bureau Autoline Program, or California Dispute Settlement Program), survey method (telephone or mail), method of arbitration hearing (teleconference, in-person, or documents only), or demographic characteristics (age, income, ethnicity, gender, or education⁶) are presented. In other words, up to 20 separate cross-tabulations will have been conducted for each question using the 2006 data (only). Unless otherwise specified, the reported results exclude responses of “undecided” as well as refusals. The order of topics presented in the report was chosen as the most logical in terms of meeting the information requirement objectives of the study and does not necessarily conform to the order of the questions within the survey.

FAMILIARITY WITH LEMON LAW & ARBITRATION PROCESS

Cumulative 2006 Results

- ❖ 1 *California’s Lemon Law and arbitration process is not particularly well-known among California consumers: overall, in 2006, only a quarter (24%) of all respondents said they were familiar with the arbitration process prior to purchasing their vehicle.*

Respondents who completed vehicle arbitration in 2006 were first asked the following question to assess how familiar they were with the process:

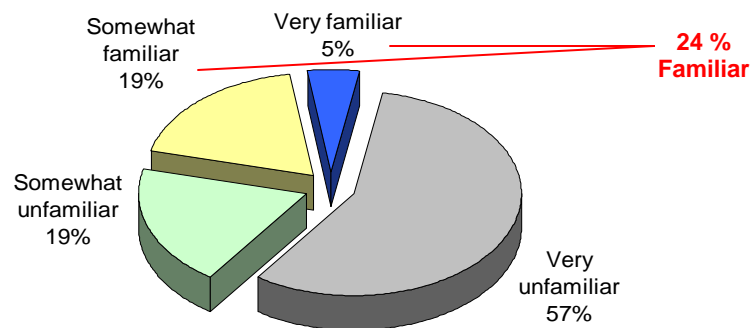
⁵ To statistically analyze vehicle manufacturer, we required a minimum of 60 completed surveys for the year. Only four manufacturers met this criterion – Ford (164 surveys), General Motors (133 surveys), Toyota/Scion (117 surveys), and Nissan/Infiniti (68 surveys). Surveys about all other vehicle manufacturers were categorized as “Other” (131 surveys).

⁶ The reader is referred to the demographic characteristics section near the end of this report to see how the demographics were categorized.

"Before you purchased your vehicle, how familiar were you with California's Lemon Law and arbitration process? Would you say very unfamiliar, somewhat unfamiliar, somewhat familiar or very familiar?"

As illustrated in Figure 1, results show that over half of all respondents surveyed in 2006 (57%) were "very" unfamiliar with the entire arbitration process and a further 19% said they were "somewhat" unfamiliar with it. Only 5% of all those surveyed said they were "very" familiar with California's Lemon Law and arbitration process. Even including the 19% who were "somewhat" familiar, this still means that only a quarter (24%) of respondents knew about the Lemon Law and the arbitration process prior to purchasing their vehicle. There is, therefore, much room for improving the visibility of the program among California consumers.

FIGURE 1
Familiarity with Lemon Law & Arbitration Process
(Before you purchased your vehicle)



- ❖ 2 The majority (61%) of respondents said they learned about the arbitration program through the administration service (Better Business Bureau or CDSP). This represents an improvement from last year. Other ways of communicating can still be improved upon: fewer than half of all respondents learned about the program through the vehicle owner's manual/warranty booklet or through the vehicle seller.

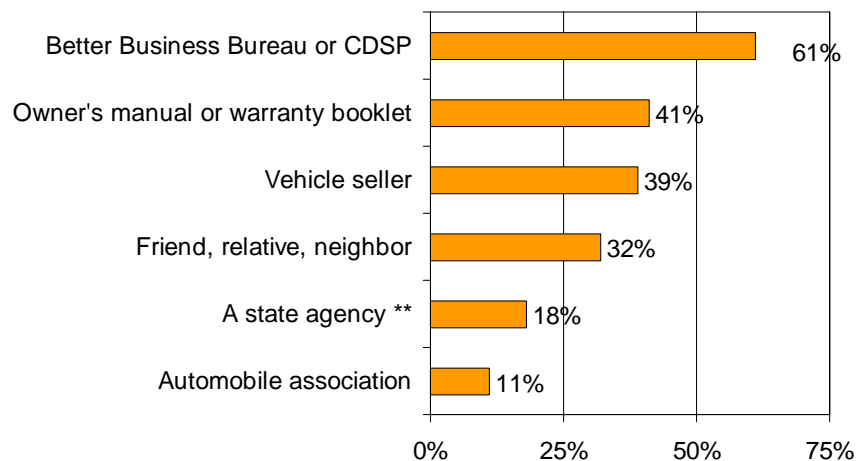
There are a variety of ways consumers can learn about the vehicle arbitration process. Respondents were read a list of possible information sources and were asked whether or not they had learned about the arbitration program through each.⁷ It can be seen in Figure 2 that the most frequently-mentioned source was the administration service itself: 61% said they learned about the arbitration program through the Better Business Bureau or the California

⁷ Not all respondents responded to all questions.

Dispute Settlement Program (CDSP). The next most common information source was the owner's manual or warranty booklet (41% of all respondents) and the vehicle seller (39%). Only 18% said they contacted a state agency, however, among these, when further asked which agency they contacted, two-thirds (67%) said it was the Department of Consumer Affairs and 35% said the DMV. The least familiar source for learning about vehicle arbitration was through an automobile association (11%).

FIGURE 2

How Participants Learned About the Arbitration Program



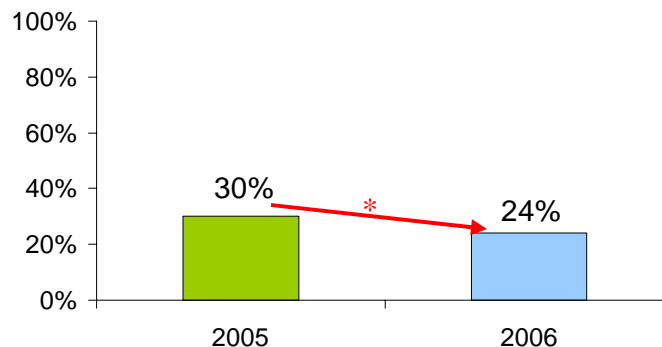
** These respondents were then asked which state agencies they contacted: Department of Consumer Affairs, the DMV, or some other agency.

Year to Year Results

- ❖ 3 Fewer respondents were familiar with the Lemon Law and arbitration process this year than in 2005.

Figure 3 shows the percentage of respondents who were familiar (combined responses of "somewhat" and "very" familiar) with California's Lemon Law and arbitration process in 2005 and 2006. Results of a chi-square analysis indicate a significant difference between the years – fewer respondents this year (24%) than last year (30%) were aware of the arbitration program. It is unclear why this should be so, and it will therefore be interesting to see whether this decline is still present in 2007 or if this is simply an anomalous result.

FIGURE 3
Familiarity with Lemon Law and Arbitration
Process Prior to Vehicle Purchase: Percent
“Somewhat” + “Very” Familiar: 2005 vs. 2006



* represents a statistically significant difference

Group Differences

- ❖ 4 *Similar to last year's results, the only two characteristics that differentiated levels of familiarity with California's Lemon Law were gender and age: males and those respondents older than 55 years were more familiar with the arbitration program.*

To see if there were any features that distinguished those respondents who were familiar with California's Lemon Law prior to purchasing their vehicles from those who were not, results were dichotomized (percent "somewhat + very familiar" versus percent "somewhat + very unfamiliar"), and a series of chi-square analyses was conducted. Variables in the analyses included the dispute resolution program which administered the process, the method of arbitration, the survey method (telephone vs. mail), the outcome of the arbitration hearing, the make of vehicle arbitrated, and the demographic characteristics of age, income, education, gender, and ethnicity.

Results indicated, first of all, that familiarity had nothing to do with how the arbitration was conducted, the make of vehicle arbitrated, or the outcome of the arbitration process. Further, those who were familiar with the arbitration program were similar demographically in terms of ethnicity, income, and education. The only two differences that emerged indicated that:

- men were significantly more familiar with the Lemon Law (28%) than were women (18%), and
- respondents 55 years of age and older were significantly more familiar (34%) than were respondents younger than 55 years (19%).

HEARING OUTCOME

It was found last year in the annual analysis of results that respondents who received awards as a result of their arbitration were consistently and significantly more positive in their evaluations of all aspects of arbitration than were respondents who did not receive awards. For that reason, in all quarterly reports throughout 2006, results have been reported separately for those who did and did not receive awards. We will continue with that approach in this annual report (unless otherwise noted), but first we will discuss the 2006 outcomes of the arbitration process.

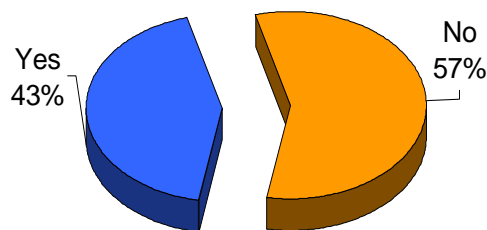
Cumulative Results: Outcome

- ❖ 5 Fewer than half (43%) of all respondents received an award as a result of their vehicle arbitration in 2006.

Respondents were asked whether or not they received an award of any type as a result of their arbitration. Results indicated that the majority (57%) said they did not receive an award, and the remaining 43% received an award.

FIGURE 4

Outcome of Arbitration: Received an Award?

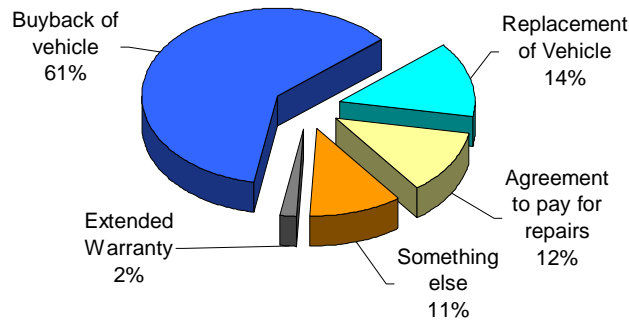


Type of Award Received

- ❖ 6 The most frequent type of award received was a vehicle buyback.

The 258 respondents who received an award in 2006 were asked to choose from a list of options the one that best described their award. Results, shown in Figure 5, indicate that vehicle buyback occurred in 61% of these cases, followed by vehicle replacement (14%), and then by agreement to pay for past and/or future repairs (12%). An additional 11% of respondents said the award was something else and 2% received an extended warranty.

FIGURE 5
Those who Received an Award:
Type of Award



Those who received a buyback (61%, or 156 respondents) were asked: "Were you charged negative equity? That is, were you upside down on your loan or did you have to pay a loan charge?" Eleven percent (11%) were charged negative equity, 79% were not charged, and the remaining 10% of respondents said they did not know.

Of the 14% (36 respondents) who had their vehicle replaced, 25% were charged upgrade fees for a standard option, 56% were not charged upgrade fees, and the remaining 19% did not know.

Among the 11% (29 respondents) who said their award was "something else", a few examples of comments included:⁸

- "Manufacturer got one more try to fix the problem due to their own miscommunication. Received extended warranty which I already had purchased when car was bought.
- Problems repaired at a Toyota dealer of my choice.
- Replacement of wheels.
- They paid me for time lost of vehicle.
- Dealership still has to fix it.
- A Honda dealer that the manufacturer decides on, since I have warranties, will try to do the repair. I have to give them the opportunity to repair. My mileage is low. The manufacturer has ten days to work on it.
- They had to repaint my entire car.
- Reimbursement of out of pocket expenses."

Year to Year Results

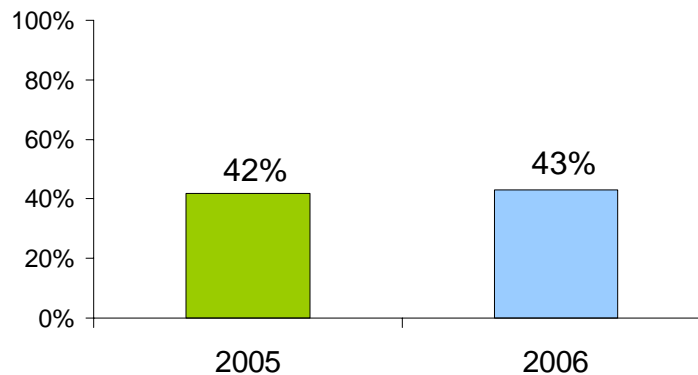
- ❖ 7 The outcome of arbitration has not changed from 2005 to 2006 – about four in ten respondents received an award each year.

⁸ For complete transcripts of all verbatim comments, the reader is referred to the statistical binders.

The percentage of respondents who received an award as an outcome of their arbitration hearing did not change significantly from 2005 to 2006: approximately four in ten respondents in both years received awards. The actual percentages are presented in Figure 6.

FIGURE 6

Outcome of Arbitration:
Percent Who Received an Award



Group Differences

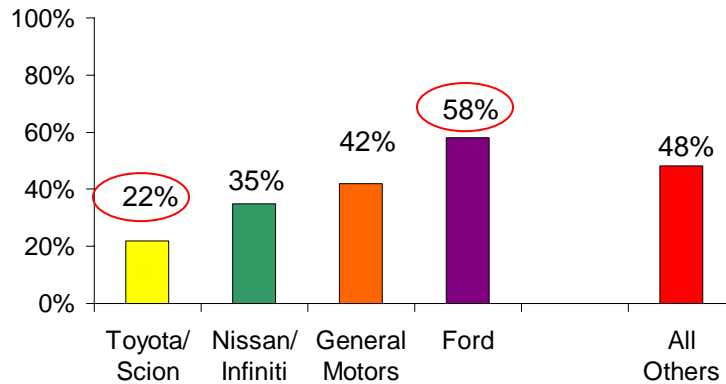
- ❖ 8 *No demographic characteristics distinguished those who received an award from those who did not – a very positive result. Owners of Ford vehicles and those whose cases were processed through the Better Business Bureau Autoline Program were the most likely to have received an award.*

A series of chi-square analyses was run to determine if there were any characteristics that distinguished those respondents who received awards from those who did not. No demographic variables were significant – that is, males as well as females were just as likely to receive an award (or not), older respondents were as likely as younger, respondents with higher incomes were just as likely as those with lower incomes, and better educated respondents were just as likely to receive an award (or not) as lesser educated respondents. This is a positive finding as it indicates there is no overt or covert discrimination acting within the process.

One difference that did emerge was due to vehicle manufacturer. It can be seen in Figure 7 that the least likely respondents to have received awards as an outcome of arbitration were Toyota/Scion owners: only 22% received an award. It can also be seen that Ford owners were the most likely to have received awards (58%).

FIGURE 7

**Percent Who Received an Award by
Vehicle Manufacturer**



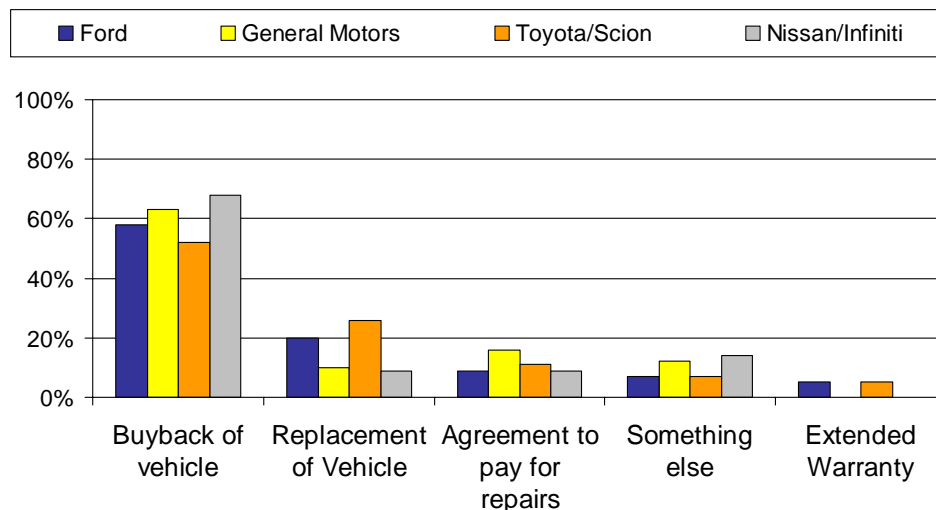
A second difference was due to administration service: those whose cases were administered through the Better Business Bureau Autoline Program (BBB) were significantly more likely to have received an award as a result of arbitration (49%) than those whose cases were administered through the California Dispute Settlement Program (22% -- mostly owners of Toyota vehicles⁹).

Figure 8 shows the types of award received by the top four vehicle manufacturers. Due to the small number of respondents in each group, the differences found among the various manufacturers were not found to be statistically significant.

⁹ Ninety-five percent of those whose vehicles were arbitrated through the California Dispute Settlement Board were Toyota owners. Only 3 respondents owned Porches or Scions, the two other types of vehicles arbitrated through this program.

FIGURE 8

**Those who Received an Award:
 Type of Award by Vehicle Manufacturer**



OVERALL EVALUATION OF ARBITRATION PROCESS

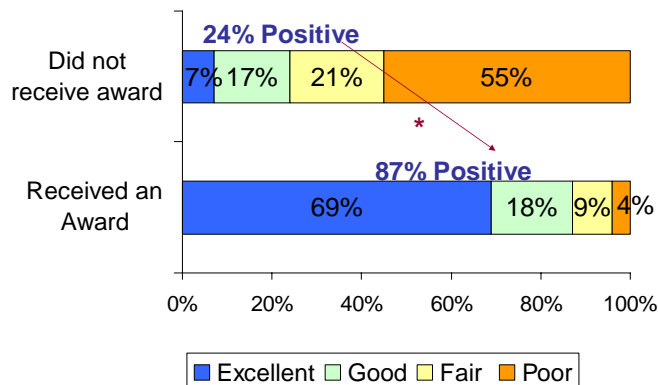
Providing a Valuable Service for Consumers

Cumulative Results: Overall Assessment of Value

- ❖ 9 The vast majority of participants who received an award felt the arbitration process provided a valuable service for consumers and the majority who did not receive an award felt it was not a valuable service.

Respondents were asked to assess the overall arbitration process in terms of whether it provided a valuable service for consumers, regardless of the outcome of their own specific case, using a four-point scale. However, as can be seen in Figure 9, it appears that respondents' personal outcomes affected their perceptions of the value of arbitration in general: those who received an award were significantly more positive (combined ratings of "good" plus "excellent") about the value of arbitration (87%) than those who did not receive an award (only 24% positive). In fact, among those who did not receive an award, the majority (55%) rated the arbitration process as providing a "poor" service for consumers.

FIGURE 9
Provides a Valuable Service for Consumers
(regardless of outcome of your specific case)



Year to Year Results

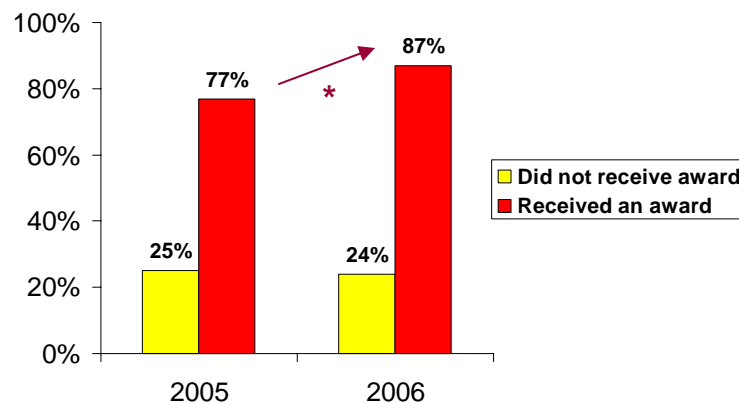
- ❖ 10 Respondents who received an award were significantly more positive in their evaluations of the value of the arbitration process this year compared to 2005. There was, however, no difference between the years among those who did not receive an award.

When ratings of the overall value of arbitration for consumers were compared between 2005 and 2006, a significant difference was found among those respondents who received an award, yet not among those who did not receive awards. Positive results of both groups (that is, the “good” ratings combined with the “excellent” ratings) are shown in Figure 10: results of award recipients are shown in red and those of non-recipients are presented in yellow. It can be seen that a higher percentage of award receiving respondents this year (87%) than last year (77%) were positive in their evaluations of the value of arbitration.

It can also be seen that there were no differences between the two years among those who did not receive awards – only a quarter of these respondents thought arbitration provided a valuable service.

FIGURE 10

Percent Positive: Provides a valuable service for consumers: 2005 vs. 2006



* indicates a statistically significant difference

Group Differences

- ❖ 11 *There were no features that distinguished those who felt arbitration provided a valuable service from those who did not.*

To see if there were any features that distinguished those respondents who thought the arbitration process was valuable from those who did not, a series of chi-square analyses were conducted—first for those who received an award and then for those who did not receive an award. Results indicated that no significant differences emerged: those who rated the arbitration process as providing a valuable service were similar demographically to those who did not think it was valuable in terms of age, income, education, gender and ethnicity. This was true whether or not respondents had received an award. Ratings of overall value also did not vary according to survey methodology, the method of arbitration, the make of the vehicle arbitrated, nor the dispute resolution program.

Perceived Bias

Cumulative Results

- ❖ 12 *The vast majority of those who did not receive an award felt the arbitration process was biased in favor of the vehicle manufacturer while the vast majority of those who received an award felt the process was neutral and unbiased.*

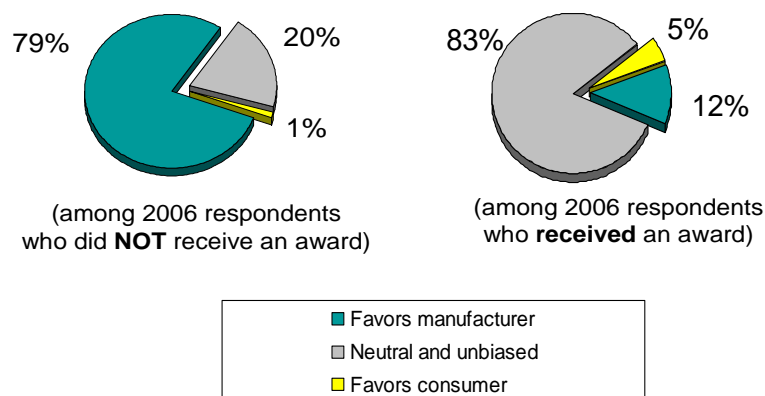
Following the question about the overall value of the arbitration program, respondents were next asked:

“Regardless of the outcome of your specific case, would you say the process is biased in favor of the vehicle manufacturer, neutral and unbiased, or biased in favor of the consumer?”¹⁰

It is clear that respondents’ perceptions of bias in the arbitration process was highly dependent upon the outcome of their hearing: it can be seen in Figure 11 that among those who did not receive an arbitration award, the majority (79%) felt the process was biased in favor of the vehicle manufacturer, whereas among those who did receive an award, the majority (83%) felt the process was neutral and unbiased. In both groups, not many felt the process ever favored the consumer (1% and 5%).

FIGURE 11

Perceived Bias in the Arbitration Process



Year to Year Results

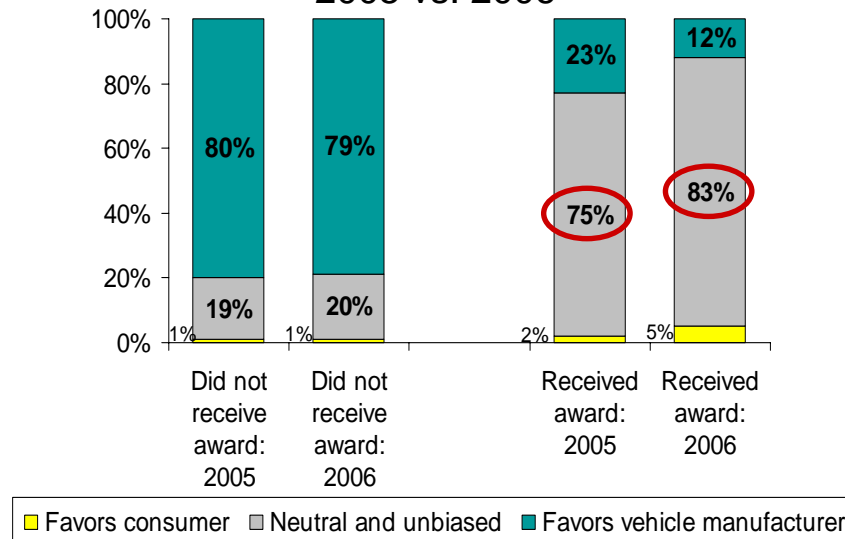
- ❖ 13 Among those who received an arbitration award, significantly more respondents this year than last year felt the arbitration process was neutral and unbiased.

Ratings of the perceived bias of the arbitration process by year and by arbitration outcome are presented in Figure 12. It can be seen that there were no differences in perceptions of bias in the process between 2005 and 2006 among those who did not receive an award. However, among those who did receive an award, a significantly higher percentage this year (83%) than in 2005 (75%) felt the process was neutral and unbiased; and significantly fewer this year (12%) than last year (23%) felt the process favored the vehicle manufacturer.

¹⁰ In the telephone survey, the CATI programming randomized the order in which the responses were presented.

FIGURE 12

**Perceived Bias in the Arbitration Process:
 2005 vs. 2006**



Group Differences

- ❖ 14 *There were no distinguishing demographic features that accounted for perceptions of bias in the arbitration process. Perceptions of bias also did not differ by administration service.*

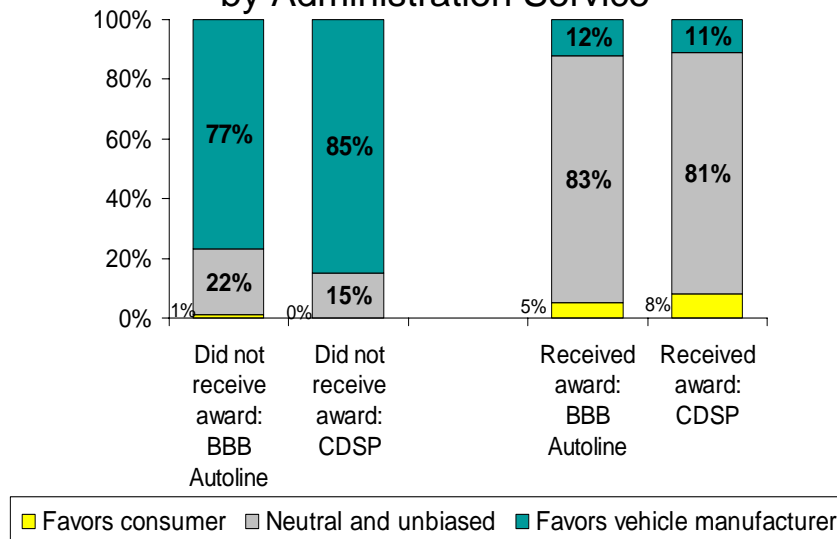
Chi-square analyses were run for each group of respondents (those who received an award and those who did not) to determine if there were certain distinguishing features that would account for ratings of perceived bias. No demographic characteristics were distinguishing for either group. The only significant results among those who did not receive an award indicated that owners of General Motors were less likely (62%) than owners of any other vehicles (over 80%) to say the process was biased in favor of the vehicle manufacturer. Also, those who completed the survey by mail and who did not receive an award were significantly more likely to say the process was similarly biased. The only significant difference among respondents who received an award concerned the way the hearing was conducted: those whose hearing was conducted in person were the most likely to say the process was neutral and unbiased.

There were no significant differences between the two groups in terms of the administration service who handled the arbitration: it can be seen in Figure 13 that among those who did not receive an award, 77% of those whose cases were administered by the BBB Autoline felt the process was biased in favor of the vehicle manufacturer. This is not significantly different from the 85% whose cases were administered by the CDSP. It

can also be seen that among those who did receive an arbitration award, 83% of those whose cases were administered through the BBB Autoline and 81% of those administered by the CDSP felt the process was neutral and unbiased.

FIGURE 13

Perceived Bias in the Arbitration Process by Administration Service



SATISFACTION WITH PERSONAL ARBITRATION EXPERIENCE

Cumulative Results: Overall Satisfaction

- ❖ 15 The vast majority (87%) of respondents surveyed who received arbitration awards during 2006 were satisfied with their own personal experience with the entire arbitration process while only 21% of those who did not receive an award were satisfied.

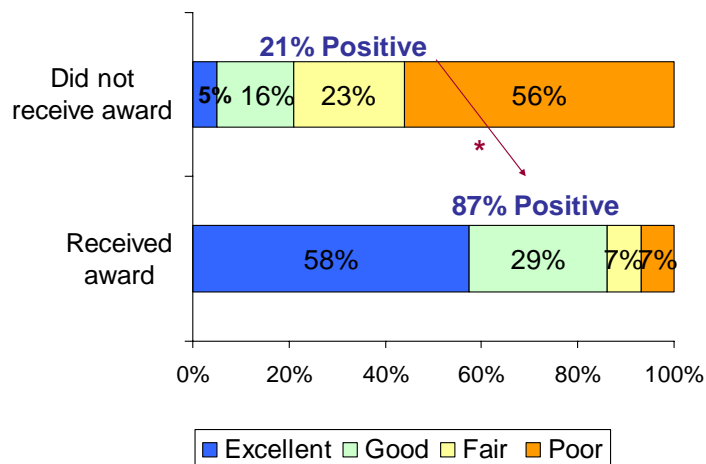
Respondents were told to recall their own specific experience and then asked to evaluate their satisfaction with the entire arbitration experience,¹¹ using a four-point scale. Results are shown in Figure 14. Among those who did not receive an award, only 5% rated their entire experience as “excellent” and a further 16% said it was “good” for a combined total of 21% positive ratings.

¹¹ The exact wording of the question was: “And now, thinking specifically about your entire experience with the Arbitration Process, from the time you first heard about it to the final decision, how would you rate your satisfaction with the process – would you say that, overall, it was poor, fair, good, or excellent?”

This is significantly less than the 58% of respondents who received an award and rated their experience as “excellent” (and even less than the 87% of those who gave positive ratings when it is combined with the 29% who gave a “good” rating).

FIGURE 14

Personal Satisfaction with Entire Arbitration Process

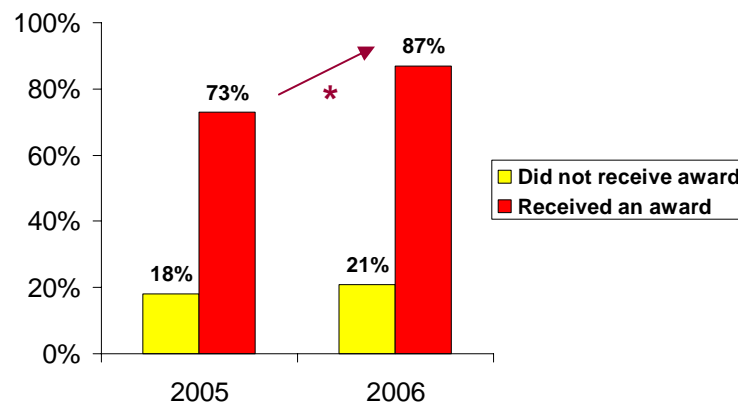


Year to Year Results

- ❖ 16 Overall satisfaction with the arbitration process was higher in 2006 compared with 2005, but only among those respondents who received arbitration awards.

In terms of year to year results, it can be seen in Figure 15 that there were no differences in personal satisfaction (ratings of “good” plus “excellent”) between the two years among those respondents who did not receive awards (18% vs. 21%). However, among those who did receive awards, there was a significant increase in personal satisfaction from 2005 (73%) to 2006 (87%). (In the following graph, the positive results (that is, the percent “good” plus “excellent”) of award recipients are again presented in red and those of non-recipients are shown in yellow.)

FIGURE 15
Percent Positive: Personal Satisfaction
with Entire Arbitration Process:
2005 vs. 2006



* indicates a statistically significant difference

Group Differences

- ❖ 17 Overall satisfaction with arbitration did not vary by type of vehicle, method of arbitration, administrative service or demographic characteristics. The only distinguishing feature affecting ratings of overall satisfaction was whether or not an award was received as a result of arbitration.

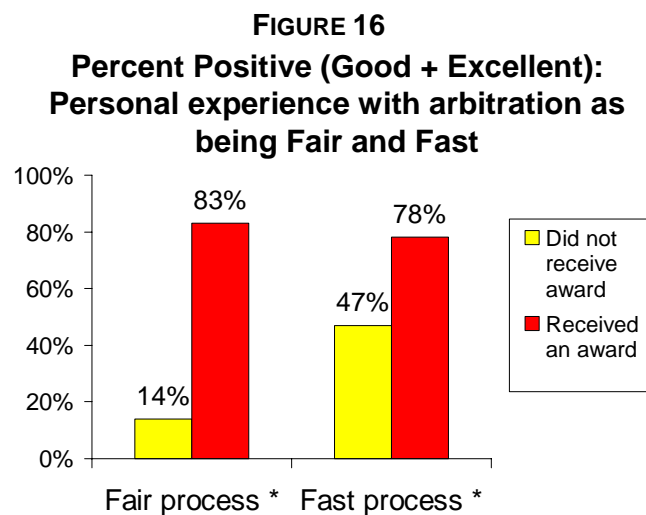
A series of chi-square analyses (run separately according to arbitration outcome) were conducted to determine if there were any statistically significant differences in terms of the administration service who managed the process, the method of arbitration, survey method, the make of vehicle arbitrated, or whether any demographic characteristics differentiated respondents who were satisfied overall with their arbitration experience (i.e. ratings of “good” and “excellent”) from those who were not satisfied (i.e. ratings of “fair” and “poor”). Results indicated, first of all, that no demographic characteristics were significant: in other words, those who were satisfied in 2006 were similar to those who were dissatisfied regardless of age, income, education, gender, or ethnicity. Secondly, satisfaction with the process also did not vary according to any of the other characteristics including the type of vehicle arbitrated, the method of arbitration, or the administrative service.

Perceptions of Arbitration as a Fast and Fair Process

- ❖ 18 Ratings of arbitration as being a fair and fast process also depended on outcome: among those who received awards in 2006, the vast majority felt the process was both fair and fast. Among those who did not receive an award, only a few felt the process was fair and less than half rated it as fast. Fairness was more important to respondents than speed.

The survey asked all respondents to rate their personal experience with arbitration in terms of it being a fair and a fast process.¹² As shown in Figure 16 (again, award recipient results are presented in red and those of non-recipients in yellow), the majority of those respondents who received an award rated the process positively (83% said it was fair and 78% said it was fast). These were significantly higher than the percentages of respondents who did not receive an award – only 14% thought the process was fair and fewer than half (47%) rated it as fast.

Further statistical analyses indicated that ratings of “fairness” were more important to respondents: the relationship between fairness and overall satisfaction with arbitration was much stronger than the relationship between speed and satisfaction.¹³



* represents a statistically significant difference.

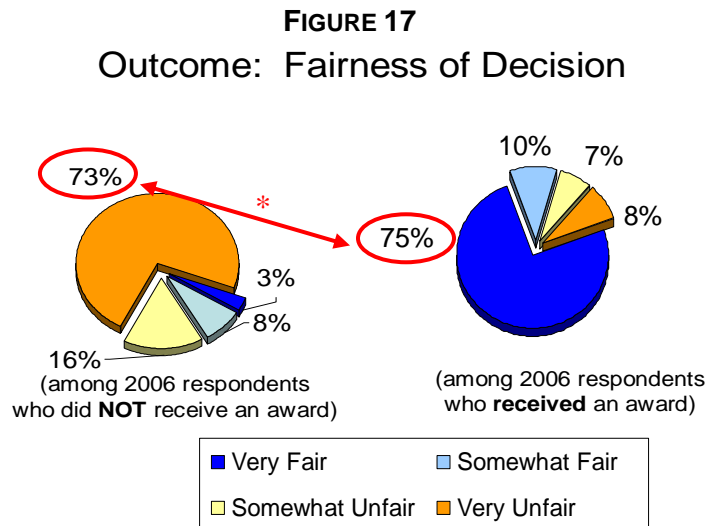
¹² The order of presentation was randomized.

¹³ The correlation between fairness and overall satisfaction personally was .83, $p < .001$ among those who received awards and .68, $p < .001$ among those who did not; the correlation between speed and overall satisfaction was .57, $p < .001$ and .50, $p < .001$ for each group respectively.

Outcome: Fairness of Decision

- ❖ 19 Three-quarters of respondents who received awards felt the outcome decision was “very fair” and about the same percentage of those who did not receive awards felt the outcome was exactly the opposite (“very unfair”).

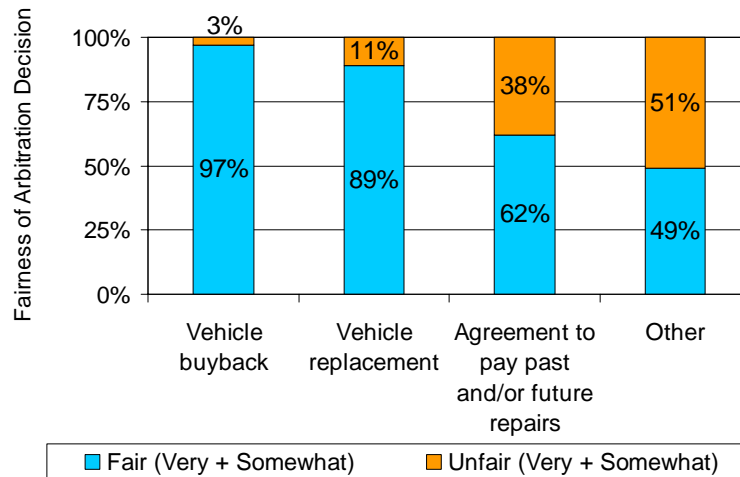
All respondents were asked to rate the fairness of the arbitration decision, using a four-point scale. Results, presented in Figure 17, show, first of all, that evaluations of the fairness of the decision were highly polarized, and secondly, that they were highly dependent upon whether or not an award was received as an outcome of arbitration. It can be seen that 73% of those who did not receive an award rated the outcome as “very unfair”, compared with 75% of those who received awards and rated the outcome as “very fair”.



- ❖ 20 Ratings of fairness were also dependent on the type of award received – those whose vehicles were bought back or replaced were significantly more positive than those who received an agreement to pay for past and/or future repairs, or something else.

The next graph (Figure 18) indicates that among those who received an award, respondents whose vehicle was bought back (97% combined “somewhat” + “very” fair ratings) or replaced (89% positive ratings) felt the decision was significantly fairer than those who received an agreement to pay for past and/or future repairs (62% positive), or some other type of award (49%).

FIGURE 18
Perceived Fairness of Arbitration Decision by
Award Outcome (Recipients Only)



Application Form Assessment

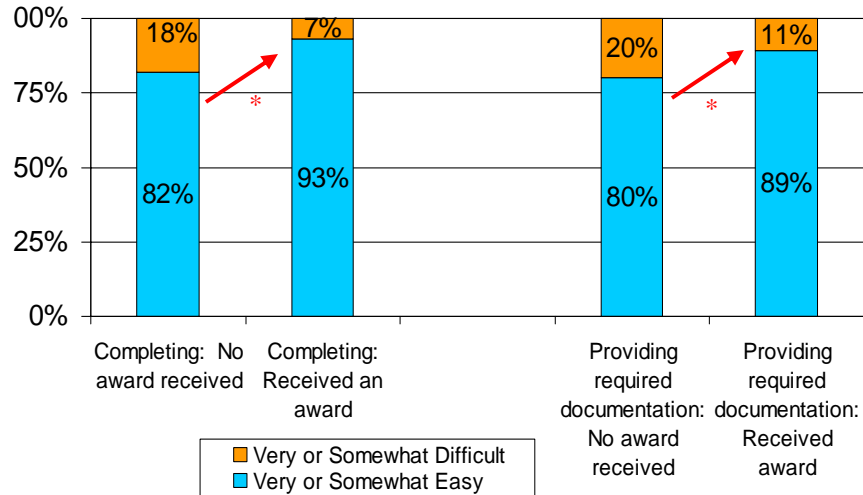
- ❖ 21 The vast majority of respondents (at least 80%) rated the application form as relatively easy to complete and to provide the requested documentation.

In order to start the arbitration process, respondents were required to complete an application form. There were two questions in the survey that asked respondents to evaluate how easy it was to complete and to provide the required documentation.

Overall, although those who received awards were significantly more positive in their evaluations, the majority in both groups of respondents had little difficulty with the application itself. It can be seen in Figure 19 that 82% of those who did not receive awards and 93% of those who did felt the application was “somewhat” or “very” easy to complete. Similarly, 80% of those who did not receive awards and 89% of those who received awards felt that it was relatively easy to provide the required documentation.

FIGURE 19

**Rating of Application Form
 in terms of ease of ...**



* indicates a statistically significant difference

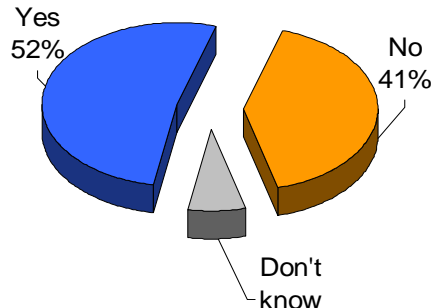
Contact ACP for Assistance

- ❖ 22 Approximately half of all respondents contacted the Arbitration Certification Program for assistance in 2006.

There were not differences between those who did not receive awards and those who did in terms of whether or not they contacted the Arbitration Certification Program. It can be seen in Figure 20 that 52% of all respondents said they contacted ACP for assistance, 41% said they did not, and a further 7% did not know.

FIGURE 20

“Did You Contact the ACP for Assistance?”



EVALUATION OF VEHICLE MANUFACTURER INTERACTIONS

The arbitration process consists of interactions with three main entities: the vehicle manufacturer's representatives, the administration service, and the arbitrator. In the questionnaire, respondents were asked to evaluate a number of different aspects of their interactions with each of the three entities and also to give an overall assessment of each.

Cumulative Results

- ❖ 23 *Even though respondents who received awards were more positive than those who did not, in general, respondents were not happy with their interactions with the vehicle manufacturer's representatives throughout the arbitration process.*

Respondents were asked to evaluate their overall interactions¹⁴ with the vehicle manufacturer's representatives, and then to evaluate them on four specific attributes: the courtesy of the manufacturer's representatives, accessibility in terms of reaching the right person and having calls returned, providing accurate information, and providing documentation prior to the hearing (such as repair orders, manufacturer's position, or technical service bulletins). Results were dichotomized as positive (combined ratings of "good" plus "excellent") or negative (combined ratings of "fair" plus "poor").

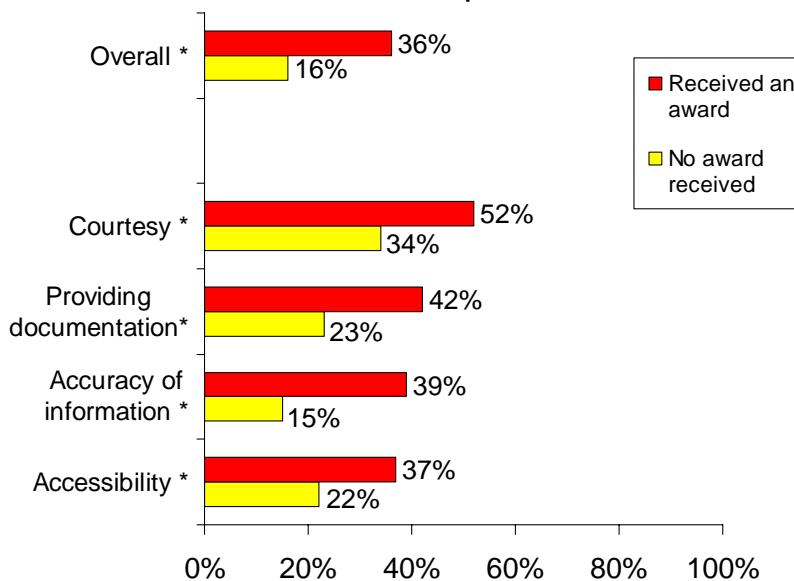
Figure 21 shows the percent of positive ratings for those who did (in red) and did not receive awards (in yellow). First of all, it can be seen that those who received awards were significantly more positive in all their evaluations of the vehicle manufacturer's representatives. That being said, however, it can also be seen that most of the ratings were still quite low: overall interactions were rated as positive by only 36% of respondents who received awards and by 16% of those who did not receive awards. In other words, the majority of respondents, despite the outcome of arbitration, were negative in their overall evaluations of interactions with the vehicle manufacturer's representative.

Respondents rated the manufacturer's representative highest in terms of courtesy: 52% of award recipients and 34% of non-award respondents. The accuracy of the information provided could use the most improvement, as only 39% of award recipients and 15% of those who did not receive an award rated this aspect positively.

¹⁴ A four-point rating scale was used: poor, fair, good, or excellent.

FIGURE 21

Percent Positive (Good + Excellent): Assessments of Vehicle Manufacturer's Representatives



* indicates a statistically significant difference between groups

Year to Year Results

- ❖ 24 Evaluations of interactions with the vehicle manufacturer's representatives throughout the arbitration process did not change from 2005 to 2006.

Results of chi-square analyses indicated no significant differences from 2005 to 2006 among either award recipients or those who did not receive awards – ratings of interactions with vehicle manufacturer's representatives were essentially the same from last year to this year.

Group Differences

- ❖ 25 Respondents whose cases were administered by the California Dispute Settlement Program, and who owned Toyota vehicles were the most positive in their overall evaluations of the vehicle manufacturer's representatives.

A series of chi-square analyses (100 analyses in total: 10 variables x 5 questions x 2 groups of respondents) were run to determine if there were any characteristics that distinguished those who rated the various aspects of their interactions with the vehicle manufacturer's representatives positively from those who gave negative evaluations.

Results indicated a total of only 10 significant differences. In terms of the demographic variables, both groups of respondents' evaluations of the manufacturer's representatives were independent of age, gender, income, ethnicity and education with only two exceptions. The other differences that emerged were due to the vehicle manufacturer, and the dispute resolution service:

Results from the analyses of the overall evaluation of the manufacturer's representative indicated:

- Among those respondents who did not receive awards:
 - owners of Toyota (22%) and other types (28%) of vehicles who did not receive awards were more positive in their overall evaluation of interactions with the vehicle manufacturer's representatives than owners of Ford (11%), Nissan (10%) and General Motors (6%) vehicles.
- Among those respondents who did receive awards:
 - owners of Toyota (76%) vehicles were more positive overall than owners of Ford (35%), Nissan (35%), General Motors (29%) or other (28%) vehicles,
 - respondents whose cases were administered by the California Dispute Settlement Program (responsible for Toyota, Scion, and Porsche vehicles)¹⁵ were significantly more positive overall (76%) than were those whose arbitrations were processed through the Better Business Bureau Autoline Program (32%), and
 - male respondents were more positive (45%) than female respondents (26%).

Results from the analyses of the courtesy of the manufacturer's representatives yielded four significant differences:

- Among those respondents who did not receive awards:
 - ratings were more likely to be negative when respondents were African American (77% "poor" or "fair") or Hispanic/Latino (86%) than when they were Caucasian (58%) among respondents who did not receive awards,

¹⁵ Ninety-five percent of those whose vehicles were arbitrated through the California Dispute Settlement Board were Toyota owners. Only 3 respondents owned Porches or Scions, the two other types of vehicles arbitrated through this program.

- those whose arbitration was handled through the CDSP were more positive (51%) than those whose cases were administered through the BBB (27% positive), and
 - owners of Toyota (49% positive) and other vehicles (46%) were more positive in their evaluations of the courtesy of the representatives than were owners of Ford, Nissan, or General Motors vehicles (21% positive for each).
- Among those respondents who did receive awards:
 - those whose arbitration was handled through the CDSP were more positive (81%) than those whose cases were administered through the BBB (49% positive).

Results from the analyses of accessibility also yielded only one significant difference:

- Among those respondents who did not receive awards:
 - respondents whose cases were administered by the CDSP felt the manufacturer's representatives were more accessible (45%) than those whose arbitrations were processed through the BBB (23%).

And finally, results from the analyses of the accuracy of the information provided yielded only one significant difference:

- Among those respondents who did receive awards:
 - respondents whose cases were administered by the CDSP were more positive (64%) than those whose arbitrations were processed through the BBB (36%).

Received a Manufacturer's Offer Prior to the Hearing

- ❖ 26 *Just under a third of all those surveyed (32%) received a manufacturer's offer to settle the case prior to the arbitration hearing. Nissan, Ford, and General Motors manufacturers tried to settle more frequently than Toyota.*

Respondents were asked whether or not the manufacturer had offered to settle their claim prior to the arbitration hearing. Thirty-two percent responded affirmatively. Further analyses indicated that owners of Nissan (52%), Ford (39%), and General Motors (34%) vehicles said they had been approached to settle prior to the arbitration hearing as opposed to only 17% of Toyota owners.

Results also indicated that more respondents who received awards had been approached to settle prior to the hearing (39%) than those who did not receive awards (26%).

Key Contributors to Overall Ratings

- ❖ 29 *Courtesy was the most important factor in terms of overall satisfaction with the vehicle manufacturer's representatives, followed by the accuracy of the information provided, and then by accessibility.*

There is a way of analyzing the various attributes of a process in terms of which are most **important** to consumers, and that is by ranking the aspects according to how they relate to satisfaction with the overall process. In this instance, multiple regression analyses were conducted to assess which aspects (courtesy, accessibility, accuracy of information, and providing documentation prior to the hearing) of participant interactions with the vehicle manufacturer's representatives contributed the most to overall ratings of interactions with the representatives.

Results indicated that the **most** important aspect contributing to overall satisfaction with the vehicle manufacturer's representative was courtesy. Respondents who found the representatives to be courteous were more likely to also be satisfied overall with their interactions with vehicle manufacturer's representatives. Similarly, those who found the representatives impolite gave lower overall evaluations. Other attributes that were correlated to overall satisfaction with the vehicle manufacturer's representatives (although at a lower level) included the accuracy of the information provided and accessibility.

In summary, if vehicle manufacturers were to improve their representatives' interactions with consumers on these three aspects (courtesy, accuracy, and accessibility), the overall evaluations should also improve.

EVALUATION OF ADMINISTRATION SERVICE

Cumulative Results

- ❖ 30 *Overall, ratings of the administration service were more positive than evaluations of the vehicle manufacturer's representatives. They were also dependent on arbitration outcome: those who received award gave the highest ratings for being knowledgeable about the process and providing reliable information and assistance, while those who did not receive an award gave the highest ratings for their administration service's timeliness in setting up the hearing, followed by being easy to reach.*

Respondents were asked for an overall evaluation as well as to evaluate¹⁶ a series of aspects regarding their interactions with the administration service (BBB or CDSP) that processed their arbitration case. Results were

¹⁶ The same four-point rating scale was used to evaluate the administration service: poor, fair, good, or excellent.

dichotomized as positive (combined ratings of “good” plus “excellent”) or negative (combined ratings of “fair” plus “poor”) and the positive results are presented in Figure 22: results of award recipients are presented in red and those of non-recipients are shown in yellow.

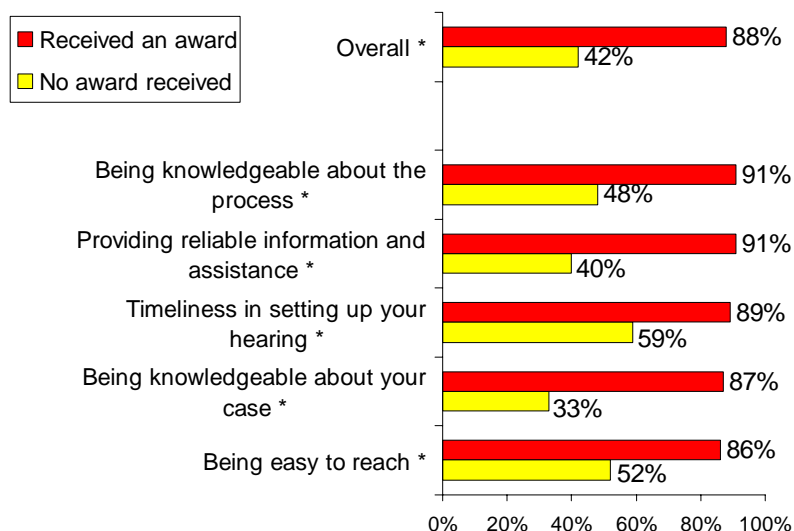
First of all, evaluations of the administration service, especially among award-receiving respondents, were generally more positive than the just-discussed evaluations of the vehicle manufacturer’s representatives. At least 85% of those who received awards rated each aspect of interacting with their administration service as either “good” or “excellent”, including their overall assessment (88% positive ratings). Forty-two percent of those who did not receive an award gave similar positive ratings for overall interactions with their administration service.

Second, in terms of individual aspects, results were dependent on the arbitration outcome. Award recipients gave the highest favorable ratings for being knowledgeable about the process and providing reliable information and assistance (both 91%) and the “lowest” ratings for being easy to reach, although the vast majority (86%) rated this aspect as “good” or “excellent”.

Individual ratings among those who did not receive an arbitration award were significantly lower and the top two aspects of the administration service were different: timeliness of setting up the hearing (59% of these respondents rated it “good” or “excellent”) followed being easy to reach (52%). Non-award recipients rated their administration service lowest (33%) for being knowledgeable about the specifics of their particular case.

FIGURE 22

Percent Positive (Good + Excellent): Assessments of Administration Service



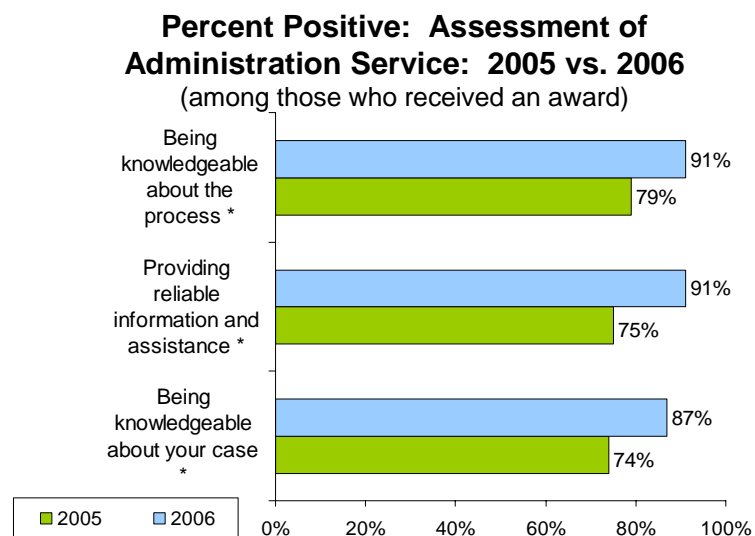
* indicates a statistically significant difference between groups

Year to Year Results

- ❖ 31 Among award recipients, positive evaluations of interactions with their administration service increased significantly from 2005 to 2006. However, that was not the case among those who did not receive awards – results remained relatively stable.

Results of chi-square analysis indicated that respondents who received arbitration awards in 2006 were significantly more satisfied with the administration service than 2005 award recipients in terms of being knowledgeable about the specific case and the arbitration process as well as providing reliable information and assistance. Positive ratings among award recipients for these aspects are shown by survey year in Figure 23.

FIGURE 23



* indicates a statistically significant difference between years

On the other hand, there were no significant differences from 2005 to 2006 among those who did not receive awards.

Group Differences

- ❖ 32 How an arbitration hearing was conducted significantly influenced the evaluations of the administration service among those who received arbitration awards.

A series of chi-square analyses (120 analyses in total: 10 variables x 6 questions x 2 groups of respondents) were run to determine if there were any characteristics that distinguished those who rated the administration service positively from those who gave negative evaluations. Results indicated that no demographic variables were significant – respondents' evaluations of the administration service were independent of age, gender, ethnicity, income, education.

The differences in administrative service ratings were also not found to vary by administration service, as can be seen in the next two figures. In other words, those who processed their cases through the BBB (among those who did not receive awards as well as among those who did) gave similar ratings to those who processed their case via CDSP.

FIGURE 24

Percent Positive (Good + Excellent): Assessments of Administration Service by Administrative Service Programs
 (among Respondents who did not receive an award)

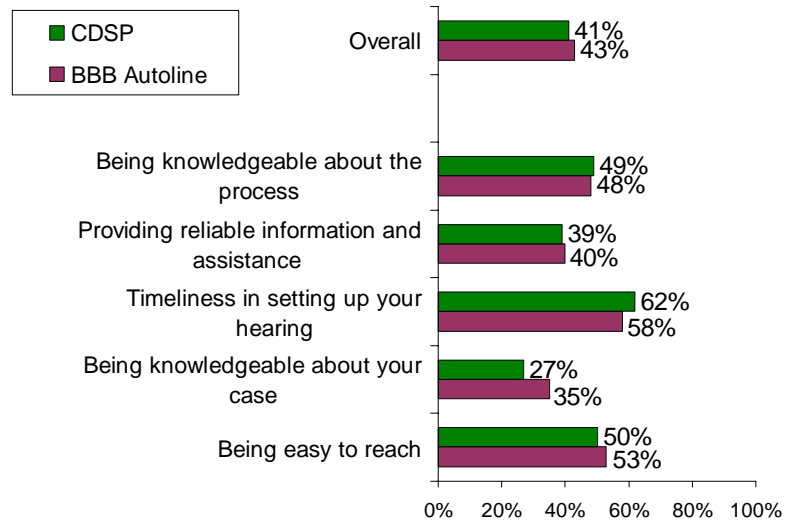
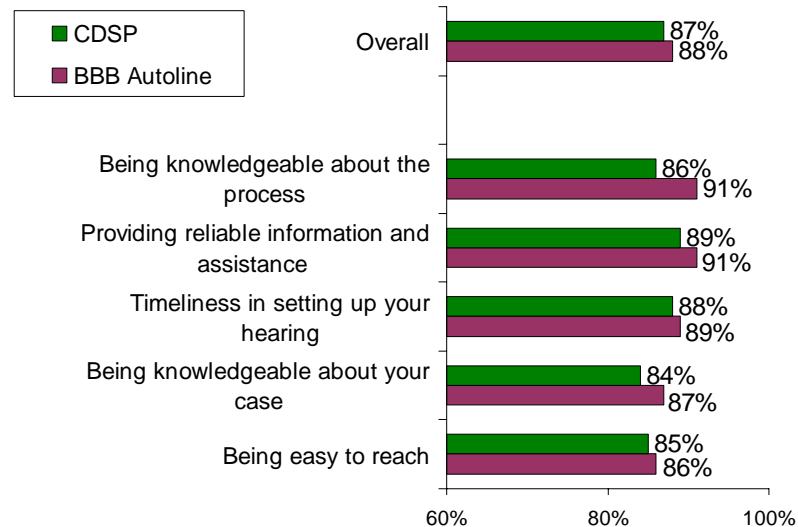


FIGURE 25

Percent Positive (Good + Excellent): Assessments of Administration Service by Administrative Service Programs
 (among Respondents who received an award)



By contrast, the type of arbitration hearing seemed to influence the level satisfaction with the administration service among respondents who received arbitration awards in 2006. Those who received awards and conducted their hearing in-person were significantly more likely to give positive evaluations for all aspects of their interactions with the administration service than award recipients who conducted their hearing via a teleconference call.¹⁷ For example, they gave significantly higher “good” plus “excellent” ratings for:

- Overall interactions (91% of award recipients who had in-person arbitration hearings vs. 58% of award recipients who conducted their hearing via teleconference).
- Knowledge about your case (89% vs. 61%),
- Knowledge about the process (94% vs. 54%),
- Timeliness in setting up the hearing (91% vs. 69%),
- Being easy to reach (89% vs. 54%), and
- Providing reliable information and assistance (93% vs. 39%).

¹⁷ Ratings for administration service aspects among award recipients who conducted their hearing via documents-only were not found to be significantly different from those who had in-person or teleconference hearings.

Key Contributors to Overall Ratings

- ❖ 33 *The most important aspect of overall satisfaction with the administration service was providing reliable information and assistance among both groups of respondents.*

Regression analyses were conducted to assess which aspects (knowledge about the process, knowledge about the specific case, providing reliable information and assistance, timeliness in setting up the hearing and being easy to reach) of participant interactions with the administration service contributed the most to overall ratings of interactions with the administration service.

Results indicated that the most important factor in terms of overall satisfaction with the administration service (among those who received awards and those who did not) was providing reliable information and assistance. Other important aspects among award recipients included being easy to reach and being knowledgeable about the arbitration process. Among those who did not receive an award, other important factors included being knowledgeable about the specific case as well as about the process. Respondents who were satisfied with these areas of the administration services were more likely to also have favorable opinions of the organization that processed their arbitration case (as well as those who held negative opinions about these aspects were more likely to have less favorable overall evaluations).

In other words, the results of these analyses suggest that change for the better in any one of these attribute areas should result in an increase in positive ratings of the administration service.

ASSESSMENT OF THE ARBITRATOR (TELECONFERENCE AND IN-PERSON MODES ONLY)

Cumulative Results

- ❖ 34 *At least 90% of award recipients rated each aspect of the arbitrator positively, giving the highest ratings for professionalism, specific case knowledge, and courtesy. Although participants who did not receive awards were consistently less positive in their arbitrator evaluations, the highest ratings for interactions with the arbitrator were similar to those of award recipients, and included: courtesy, professionalism and knowledge about the arbitration process.*

Respondents whose cases were arbitrated either in-person or by teleconference were asked to assess the arbitrator assigned to their hearing. in terms of:¹⁸ overall interactions, professionalism, knowledge about their case, knowledge

¹⁸ The exact wording of the question was: "Now I'd like you to evaluate your experience with the Arbitrator, that is, **the actual person who reviewed and ruled on your case**. Overall, would you rate the Arbitrator poor, fair, good, or excellent?"

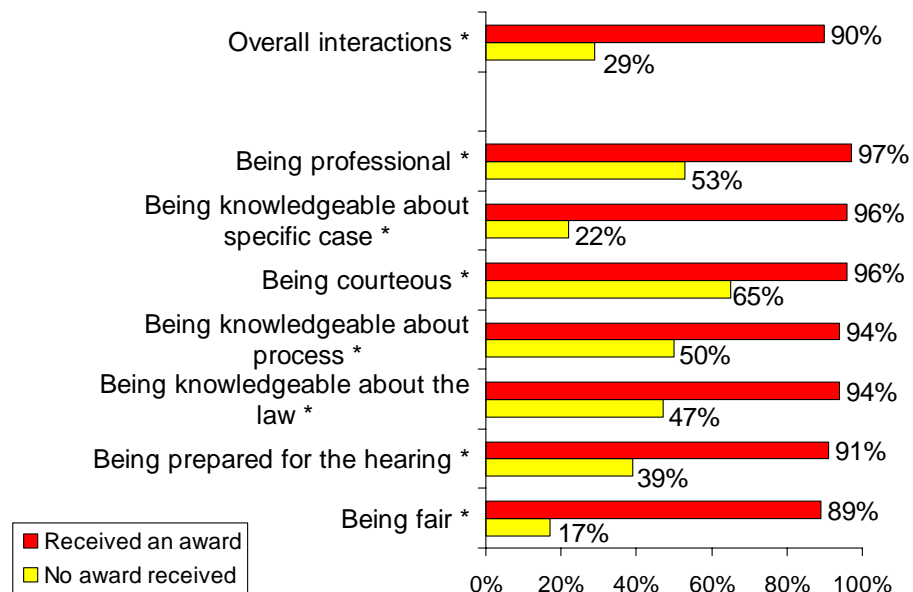
about the process, courtesy, fairness, being prepared for the hearing, and knowledge about the law, using a four-point scale. Results in terms of positive (“good” + “excellent”) ratings are presented in Figure 26 by arbitration outcome (again, the results of award recipients are shown in red and those of non-recipients in yellow).

Among those who received an arbitration award, 90% rated their overall interactions with the arbitrator favorably. Ratings for the individual aspects of the arbitrator were equally high – most of the arbitration award recipients rated their arbitrator positively (combined ratings of “good” plus “excellent”) in terms of professionalism, knowledge (about the case, the process, and the law), courtesy, hearing preparation and fairness.

By contrast, only 29% of those who did not receive an arbitration award rated their overall interactions with the arbitrator as “good” or “excellent.” Among this group of respondents, the arbitrator was rated highest for being courteous (65% gave positive ratings), followed by being professional (53%), being knowledgeable about the process (50%) and about the law (47%). Adding the “good” and the “excellent” ratings for the other aspects of the arbitrator totaled less than half, such as being prepared for the hearing (39%), being knowledgeable about the specific case (22%), and being fair (17%).

FIGURE 26

**Percent Positive (Good + Excellent):
 Assessments of Arbitrator
 (among in-person and teleconference hearing respondents)**



* indicates a statistically significant difference between groups

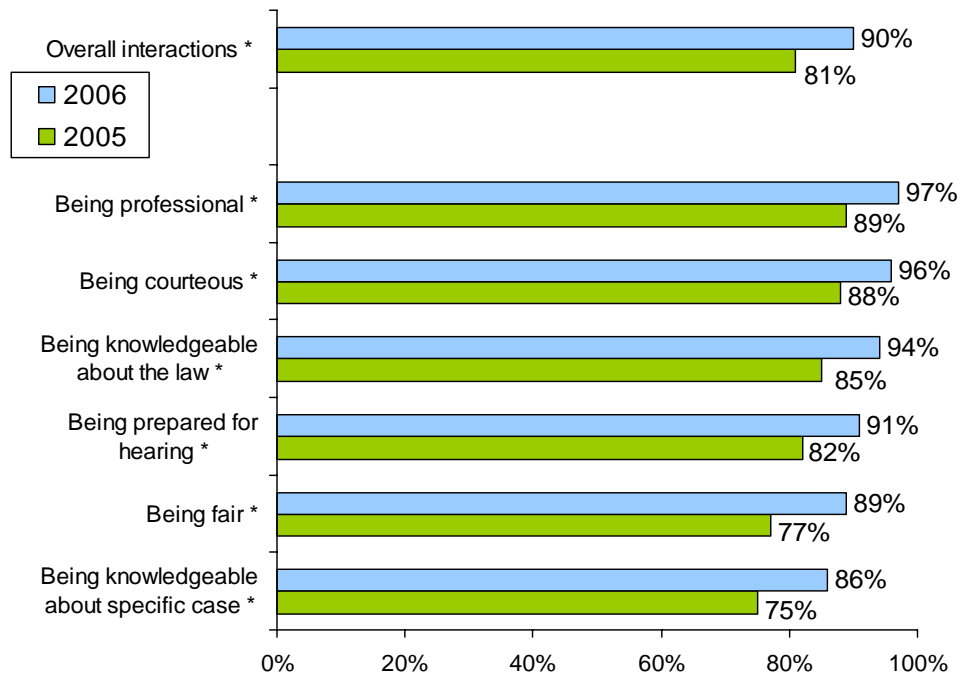
Year to Year Results

- ❖ 35 Among award recipients, the level of satisfaction with the arbitrator increased significantly in 2006 in almost every aspect evaluated.

Chi-square analyses were run to assess year to year comparisons for all aspects of the arbitrator, including overall satisfaction. In general, the 2006 results were consistently higher than last year's ratings with one exception: ratings of the arbitrator's knowledge of the process. In other words, as shown in Figure 27, the 2006 evaluations of the arbitrator in terms of overall interactions, professionalism, courtesy, preparedness, fairness and knowledge both about the law and the specific case among award recipients increased significantly from 2005.

FIGURE 27

Percent Positive: Assessment of Arbitrator: 2005 vs. 2006 (among those who received an award)



* indicates a statistically significant difference between years

On the other hand, the differences in arbitrator ratings by survey year among those who did not receive arbitration awards were not found to be statistically significant.

Group Differences

- ❖ 36 *The type of hearing influenced how award recipients rated the arbitrator in terms of **fairness**, while ethnicity seemed to affect those who did not receive an award and how assessed the arbitrator's **courtesy** and **knowledge about the process**.*

Although 192 separate chi-square analyses were run to determine group differences (8 traits by 12 variables by 2 outcome groups), very few significant differences emerged.

Among those who did not receive an award, participants who identified their ethnic background as Caucasian and African-American were significantly more likely than those who identified themselves as Hispanic/Latino and Asian-Pacific Islander to give positive ratings for the arbitrator in terms of:

- being knowledgeable about the arbitration process (57% and 80% vs. 37% and 17%, respectively), and
- being courteous (80% and 75% vs. 52% and 37%, respectively).

Among those who received arbitration awards, participants who attended their hearing in person (91%) were significantly more likely than those who conducted their hearing via a teleconference call (54%) to rate the arbitrator favorably in terms of being fair.

Key Contributors to Overall Ratings

- ❖ 37 *Regardless of whether or not respondents received an award, **fairness** was the most important aspect in terms of overall satisfaction with the arbitrator. Other important factors varied by arbitration outcome.*

Multiple regression analyses were run to determine which attributes were the most **important** to respondents in terms of their overall evaluation of the arbitrator. Results indicated that, regardless of arbitration outcome, arbitrator fairness was significantly related to overall assessments: respondents who were more positive about the arbitrator overall were also more likely to rate fairness positively in both groups. Similarly, those less satisfied overall with the arbitrator were more likely to rate this attribute negatively.

Other important factors varied by hearing outcome. Among award recipients, other important factors included being knowledgeable about the specific case as well as about the law. Among those who did not receive an award, being knowledgeable about the process, being professional, and being prepared for the arbitration hearing were important and highly correlated with overall satisfaction with the arbitrator.

In other words, the results of these analyses indicate that improvements in any one of these attribute areas should result in an increase in overall positive evaluations of the arbitrator.

MOST IMPORTANT PROCESS TO CONSUMERS

- ❖ 38 *Although evaluations of the vehicle manufacturer's representative, interactions with the administrative service, and evaluations of the arbitrator all contributed to overall satisfaction with the entire arbitration process, satisfaction with the arbitrator was the most important part of the process to consumers.*

In order to see which overall aspects of the arbitration process were most important to consumers, we ran bivariate correlations to assess the strength of the relationship between satisfaction with each of the three processes just discussed (vehicle manufacturer's representatives, the administration service, and the arbitrator) and overall satisfaction with the entire arbitration process. In other words, we included in the analysis ratings of overall satisfaction with arbitration (question 20), overall assessments of the manufacturer's representative (question 80), the administration service (question 115) and the arbitrator (question 205). Results indicated that while all three processes were significantly related to overall satisfaction with arbitration, ratings of the arbitrator were most "important" followed in turn by evaluations of the administration service.

SPECIFIC EVALUATIONS WITHIN MODE OF ARBITRATION HEARING

Cumulative Results

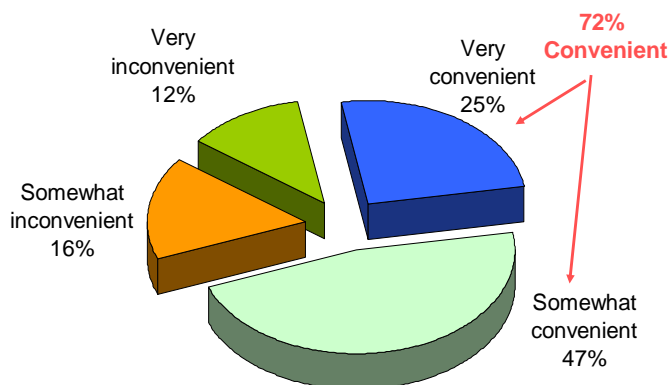
Conference Call Hearings

Due to the small number of hearings that were arbitrated via teleconference calls (54 participants) in 2006, results of the questions addressed in this section were not found to be statistically different by hearing outcome. Therefore, the combined results are presented.

- ❖ 39 *Seven in ten participants whose cases were arbitrated via teleconference calls felt their scheduled time was convenient (72%) and described the transmission quality of the call as "good" or "excellent" (71%).*

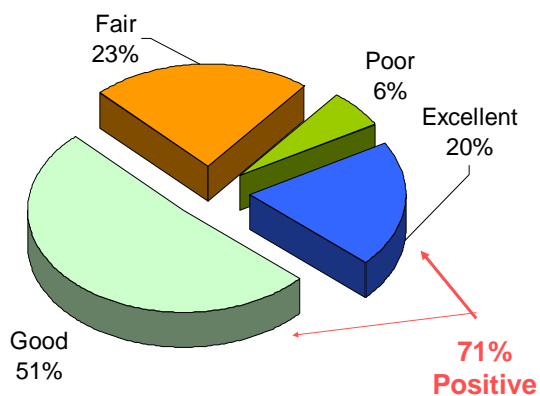
Those respondents whose cases were arbitrated by teleconference in 2006 were asked to rate the convenience of the time when the teleconference hearing was scheduled, using a four-point scale. Figure 28 indicates that, for seven in 10 respondents (72%), the scheduling was not a problem. Only 12% felt the scheduled time was "very" inconvenient.

FIGURE 28
Conference Call Hearing:
Convenience of Time



It can be seen in Figure 29 that transmission quality was also not a problem for hearings conducted by teleconference. Again, seven in ten respondents (71%) rated call quality as “good” or “excellent.”

FIGURE 29
Conference Call Hearing:
Transmission Quality of Call



In-Person at a Specific Location

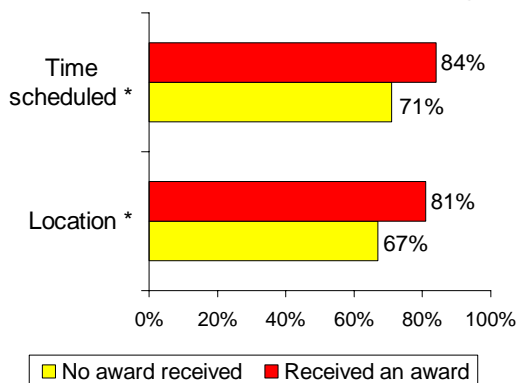
Convenience: Time and Location

- ❖ 40 The time and location of the arbitration hearing were convenient for the majority of respondents who attended the in-person arbitration hearings among both groups.

The 83% (a total of 480) of all respondents who had their hearings arbitrated in-person in 2006 were asked to rate the scheduled time and location of their

hearings in terms of being convenient. Figure 30 indicates that the majority of respondents felt the time and the location of the in-person hearing was “somewhat” or “very” convenient both among award recipients (84% and 81%, respectively, shown in red) and among those who did not receive an award (71% and 67%, respectively, shown in yellow).

FIGURE 30
Percent Convenient (Very + Somewhat):
Assessments of In-Person Hearings



* indicates a statistically significant difference between groups

Regional Location

- ❖ 41 *In-person hearings were held in cities throughout the state, but approximately half took place in the greater Los Angeles area.*

The specific cities where the in-person arbitration hearings were conducted are presented in the statistical binders. For the purposes of this report, locations were grouped into roughly five geographical regions. It can be seen in Table 14 that approximately 50% of the in-person hearings took place in the Los Angeles area, followed by 17% in the Bay Area, followed by 12% in Northern California, 11% in the Central Valley, and the remaining 10% in Southern California.

TABLE 14: LOCATION OF IN-PERSON HEARINGS

LOCATION	PERCENTAGE
Northern California:	12%
Central Valley:	11%
Bay Area:	17%
Los Angeles Area:	50%
Southern California:	10%

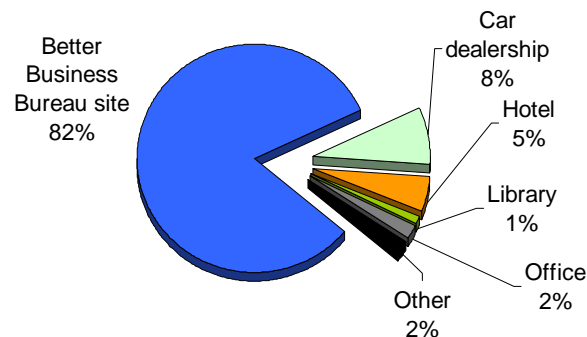
Type of Venue

- ❖ 42 Eight in ten of the in-person hearings were conducted at Better Business Bureau offices. Other venues mentioned included car dealerships, and hotels.

The specific settings where the in-person arbitration hearings took place are presented in Figure 31. It can be seen that the majority (82%) took place at Better Business Bureau sites, followed by car dealerships (8%), and hotels (5%). Five percent were conducted at other locations.

FIGURE 31

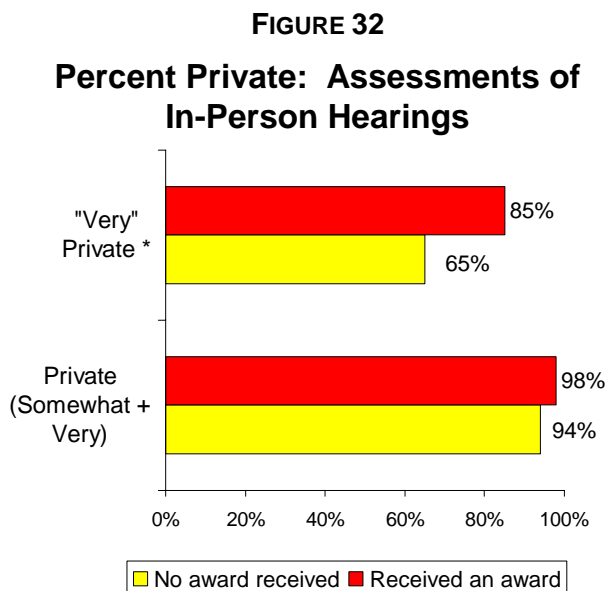
In-Person Hearing: Location



Privacy of In-Person Hearings

- ❖ 43 Nearly all respondents who had their cases arbitrated in-person rated the environment of the hearing location as “private” both among those who received an award (98%) and those who did not (94%).

The privacy of in-person hearings was not an issue. Although those who received an award were significantly more likely than those who did not to say the hearing environment was “very” private (85% vs. 65%), the differences by hearing outcome were not statistically significant when the ratings of “very” private were combined with the “somewhat” private ratings as shown in the bottom portion of Figure 32 (again, using the same color scheme – red for award recipients and yellow for those who did not receive an award). Very few respondents (2% of award recipients and 6% of those who did not get an award) said the hearing locations were “somewhat” or “very” public.



Year to Year Results

- ❖ 44 The 2006 evaluations of the conference call and in-person hearings were consistent with the results found in the 2005 survey.

Results of chi-square analyses indicated no significant differences from 2005 to 2006 – convenience ratings of the time scheduled for both the conference call and the in-person hearings, and the call quality, and convenience and privacy of the location were essentially the same from last year to this year. Similarly, the hearings are being held at similar locations this year as last, both in terms of geographic location and venue.

IMPROVEMENT OF PROCESS

Likelihood of Repeating Same Process

Cumulative Results

- ❖ 45 The vast majority of respondents who received an award said they would want the hearing conducted the same way if they had to go through arbitration again, while the vast majority of those who did not receive an award would not.

The survey asked respondents: “if you had to go through vehicle arbitration again, would you want your hearing conducted in the same way?” Results for 2006 indicated, once again, that answers depended upon whether or not respondents received an award. Eight-four percent (84%) of those who received an award said they would have the hearing conducted the same way and 77% of those who did not receive awards said they would not have the hearing conducted the same way again.

Year to Year Results

- ❖ 46 *The same percentages in 2006 as 2005 said they would conduct the hearing the same way again.*

There were no differences between 2005 and 2006 results in terms of the percentages who said they would want their hearings to be conducted in the same way if they had to go through arbitration again.

Group Differences

- ❖ 47 *There were no other group differences that distinguished those who would have their hearing conducted in the same way again from those who would not.*

Results of chi-square analyses indicated no other significant differences: no demographic characteristics, vehicle manufacturer, administrative service, or type of survey defined those who would repeat the same process from those who would choose a different manner.

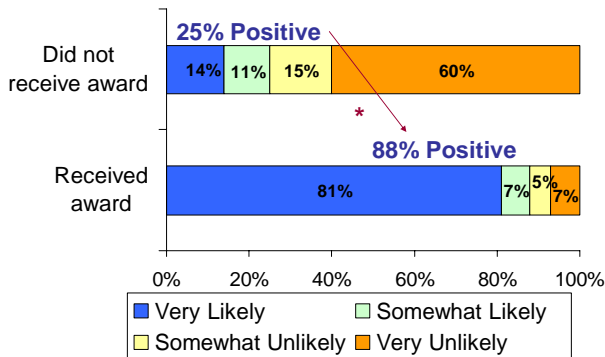
Likelihood of Recommending Arbitration

Cumulative Results

- ❖ 48 *Nearly nine in ten of those respondents who received awards would likely recommend the arbitration process to a friend, compared with only a quarter of those respondents who did not receive awards.*

A final way of evaluating the effectiveness of a program is to assess how likely someone is to recommend the product or service to others. With the vehicle arbitration process, it can be seen in Figure 33 that among those who did not receive an arbitration award, a combined total of only 25% were “somewhat” or “very” likely to recommend the process to a friend. It can also be seen that the vast majority (88%) of those who received awards were either “somewhat” (7%) or “very” (81%) likely to recommend arbitration.

FIGURE 33
 Likelihood of Recommending the Arbitration Process



Year to Year Results

- ❖ 49 The likelihood of recommending arbitration did not change from 2005 to 2006.

There were no significant differences from 2005 to 2006 among either group of respondents in terms of the likelihood of recommending the arbitration process to a friend.

Group Differences

- ❖ 50 There were no other group differences in terms of the likelihood of recommending arbitration to others.

Results of chi-square analyses indicated that no characteristics other than whether or not an award was received distinguished those likely to recommend the process from those unlikely to recommend arbitration.

Suggestions for Improvement

- ❖ 51 There were more suggestions for improvement from respondents who did not receive awards than from those who did. Suggestions ranged from making the process fairer and using arbitrators that are unbiased and who have more vehicle knowledge to having a faster process overall as well as comments about the manufacturers' representatives.

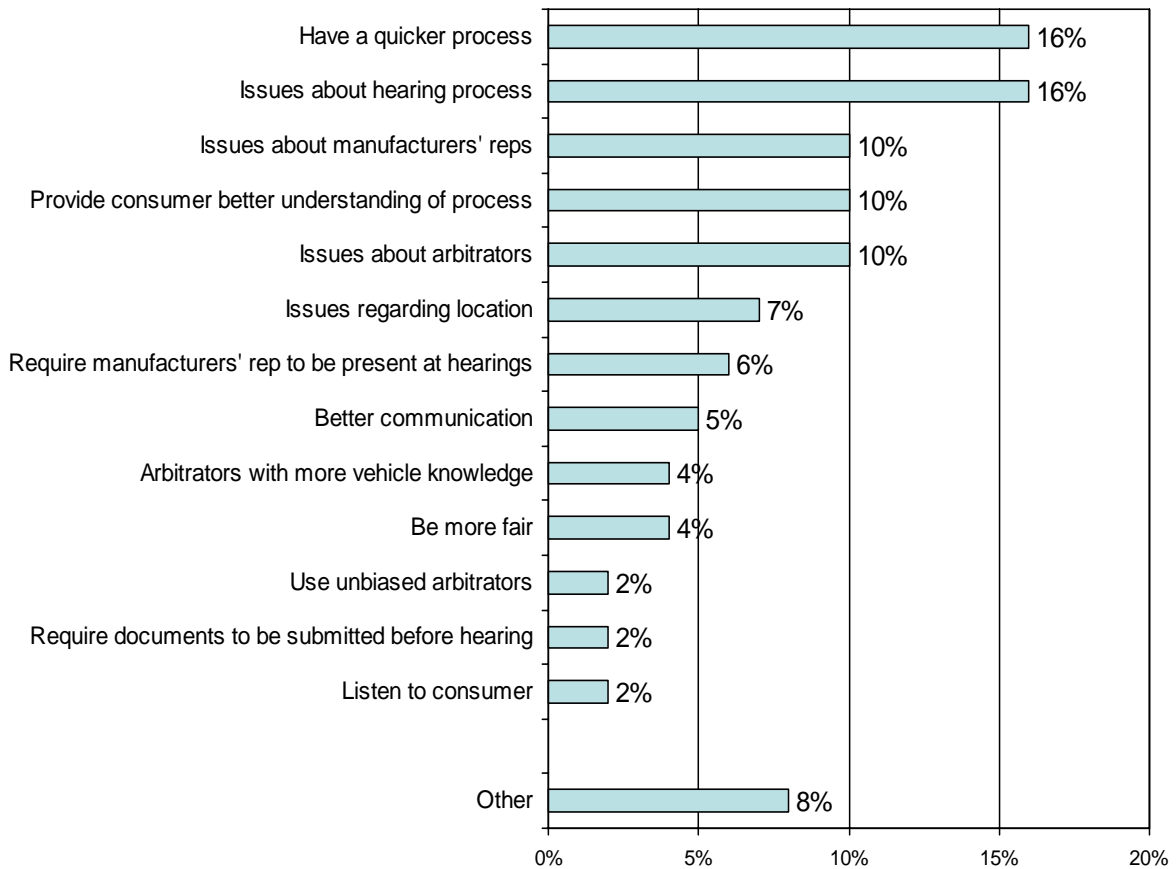
Near the end of the survey, all respondents were asked to suggest one major change that could improve the arbitration process. Those who did

not receive awards were more likely to offer suggestions (80%) than were those who received awards (45%). The comments were categorized.

Among Award Recipients

Among respondents who received an arbitration award and who offered suggestions for improving the arbitration process, the most frequent suggestions dealt with improving the speed of the process (16%) and the hearing process (16%). About 10% gave suggestions regarding the manufacturers' representatives, and a further 10% felt that consumers should be provided with a better understanding of the process. A full listing of all the verbatim suggestions can be found in the statistical binder. Figure 34 shows the categories and respective percentages for the responses that were grouped together.

FIGURE 34
Suggestions for Improvement & Comments
 (among those who received an award)



A few of the suggestions about the hearing process included:

- "Have a choice of language for the process.
- Video teleconference. That dealer with whom the vehicle was purchased is required to replace the vehicle that is a lemon. The dealer we purchased our truck from refused to participate with GMC.
- Hearings to be conducted after 2:00 pm (or non-working business hours) so work is not missed.
- I would like to see a panel of at least three people. Instead of one making a big decision like this. I think she was scared to make Ford buy it back."

A few of the suggestions about the manufacturers' representatives included:

- "Having honest manufacturers. They lied to me throughout, to deny any liability or accountability.
- Improve the vehicle manufacturer's representatives handling of the case. They were unprepared and they knew nothing about the situation. Also carrying out the decision was a nightmare!
- The manufacturer's representatives should be instructed not to continue to discuss the case or approach the consumer after the hearing is over. I did not appreciate the manufacturer continuing to argue with me in the elevator as we left the hearing.
- The manufacturer should have thrown in the towel after 3-4-5 attempts. Instead, they failed to fix the problem after eleven tries. BBB Autoline is excellent."

A few of the suggestions about providing the consumer with a better understanding of the process included:

- "I was not completely prepared to have a lawyer for Chevrolet/GMC be at the other side of the teleconference. Pitting a consumer vs. lawyer seemed a bit unbalanced but the facts do/did "speak" stronger than "fancy words". The lawyer was accusatory.
- More Advertisement. I had no idea I could do the BBB until the dealership suggested it.
- Keeping the customer updated on what to do after the hearing and what to expect.
- In the initial question sheet they send out to you, they're a little bit vague. They don't ask for enough information. There should be a place where you can state a brief summary."

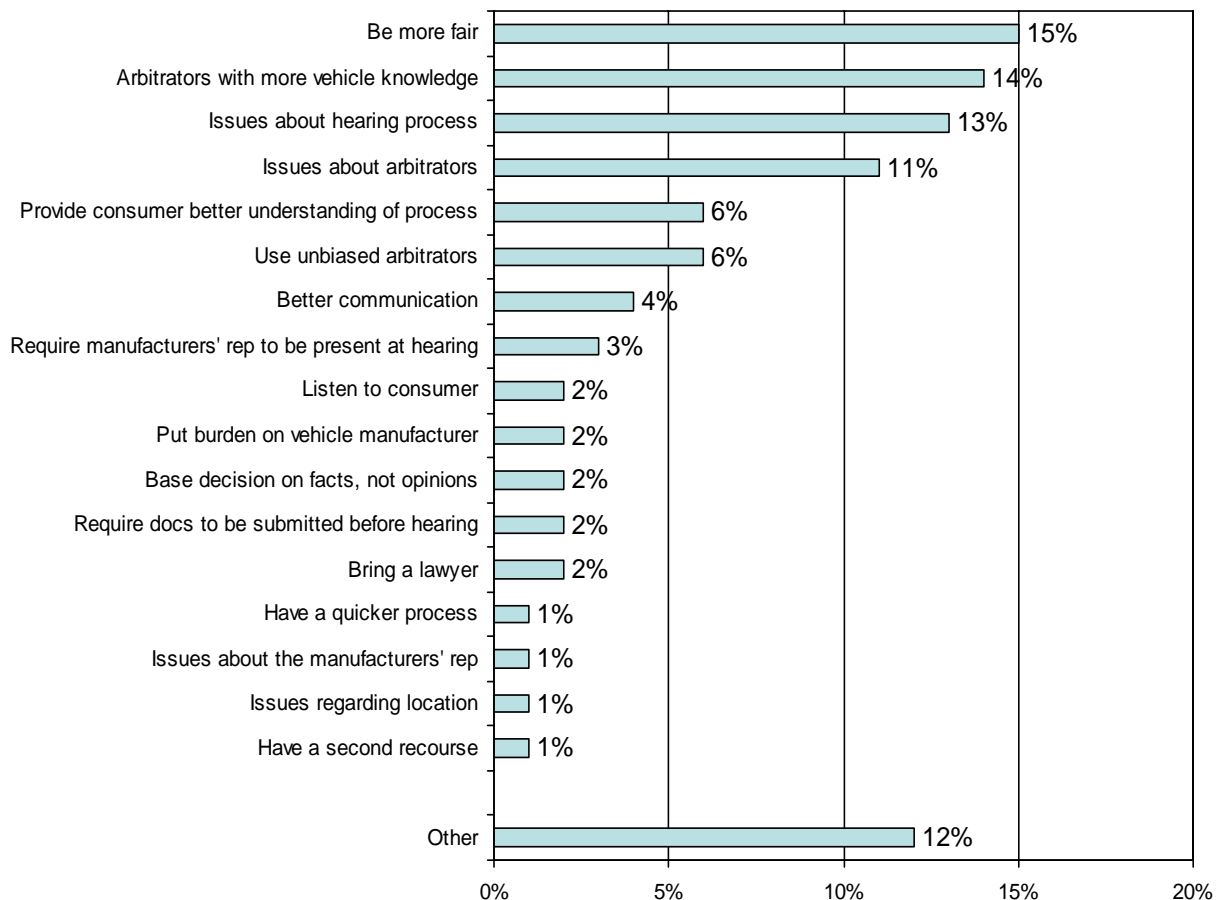
Finally, a few of the suggestions about the arbitrators included:

- "Have the paperwork reviewed by the arbitrator prior to hearing.
- Make sure the arbitrator does not go on vacation, follow deadlines and is fair. I took it in way over the limit of times to fix it! That is not an answer.
- The arbitrator's attitude.
- Arbitrator should take in account the down-time of having the truck in repair shop and time lost of its use."

Among Those Denied an Award

The frequency of the categorized suggestions for improvement from respondents who did not receive an award is presented in Figure 35. It can be seen that suggestions about improving the fairness of the process were offered by 15% of these respondents. This was followed by wanting the arbitrators to have more vehicle knowledge (14%), and suggestions for improving the hearing process (13%) and issues about the arbitrator (11%). Again, a full listing of the verbatim suggestions can be found in the statistical binder.

FIGURE 35
Suggestions for Improvement & Comments
 (among those who did **NOT** receive an award)



A few of the suggestions about improving the fairness of the process included:

- “A little more action between the arbitrator and the others. It was just telling them our story and there was nothing of trying to be fair. Not even an offer to shine my shoes or anything.
- Be unbiased. Problem later verified by outside mechanic. BBB was a waste of time.
- The process seemed fine to me and that's why I was totally shocked at the decision and realized the car manufacturers have an unfair advantage in the process, and decisions are weighted in their favor.
- The fairness. It is totally biased for the manufacturer & they are given every leniency.
- To have the arbitrator be in unison with the consumers. To understand how hard it is to get things done fairly.”

A few of the suggestions about issues with the hearing process included:

- “Choose my own arbitration representative.
- I think that they need a jury panel.
- In the written hearing after the first decision the arbitration parties who find enough evidence to proceed to the next step, a detailed list of what a consumer needs to add and or a chance to rebut what has caused the arbitrator to decide in the automobile.
- Require that the mechanic that worked on the vehicle be present so that you can get informed answers to the questions.
- There should be a mechanic I choose to take the vehicle to demonstrate what I say is wrong with the vehicle. When that mechanic verifies what I said, this should have enormous weight with the arbitration system. As is, this is a total joke.”

Finally, a few of the suggestions about the arbitrators included:

- “Allow me to use all evidence against the manufacturer, not give arbitrators personal opinions.
- Have the arbitrator be on time for meeting. He also was very late with his finding. Findings were inaccurate as to time vehicle not on the road. I think he lost his notes!
- Have the arbitrator take into consideration that the vehicle inspection that the BBB requested and set up be looked at with meaning. They showed a problem with my car and nothing was done. They hired a private company.
- If you want them to not appear biased in favor of the manufacturer, they need to be helpful, instead of just saying to figure it out yourself. Give instructions if people have questions.
- That the arbitrator looks at all the paperwork and takes more into account the damage that the consumer has gone through. The time, money, and loss of transportation they paid for and loss off work.”

DEMOGRAPHICS

Summary Table

- ❖ 52 The plurality of survey respondents who had vehicles arbitrated in 2006: were males, were aged between 35 to 44 years, were well educated (college degree or higher), were Caucasian, lived in households with annual incomes of \$100,000 or more, spoke English at home, had home computers with Internet access, and owned their vehicles. The median number of vehicles in the household was two.

Respondents were asked a series of demographic questions at the end of the questionnaire. The next table includes results from each quarter as well as the annual combined results. The pluralities summarized above are indicated in bold typeface. (The total of some columns may not add up to 100% due to rounding.)

TABLE 15: DEMOGRAPHIC CHARACTERISTICS

GENDER	Q1	Q2	Q3	Q4	OVERALL
Female	35%	39%	41%	36%	38%
Male	65%	61%	59%	64%	62%

AGE	Q1	Q2	Q3	Q4	OVERALL
18 – 24	3%	3%	7%	7%	5%
25 – 34	20%	19%	19%	21%	19%
35 – 44	27%	28%	32%	25%	28%
45 – 54	24%	27%	20%	22%	23%
55 – 64	16%	14%	11%	12%	13%
65+	10%	10%	11%	14%	11%

EDUCATION	Q1	Q2	Q3	Q4	OVERALL
High school or less	17%	17%	11%	13%	15%
Trade or vocational school	7%	4%	4%	5%	5%
Some college	32%	35%	33%	39%	35%
College graduate	33%	25%	31%	24%	28%
Post graduate work or degree	11%	18%	21%	19%	17%

ETHNICITY	Q1	Q2	Q3	Q4	OVERALL
African-American	7%	3%	8%	6%	6%
Asian / Pacific Islander	7%	8%	10%	8%	8%
Caucasian	62%	58%	59%	56%	59%
Hispanic / Latino	20%	24%	18%	24%	22%
Other	4%	6%	5%	6%	5%

INCOME	Q1	Q2	Q3	Q4	OVERALL
Under \$20,000	6%	2%	7%	3%	4%
\$20,000 to \$39,999	9%	13%	13%	10%	11%
\$40,000 to \$59,999	18%	20%	12%	20%	17%
\$60,000 to \$79,999	15%	17%	18%	18%	17%
\$80,000 to \$99,999	14%	9%	14%	15%	13%
\$100,000 or more	39%	39%	37%	35%	37%

PRIMARY IN HOME LANGUAGE	Q1	Q2	Q3	Q4	OVERALL
English	94%	84%	86%	83%	87%
Spanish	5%	11%	8%	8%	8%
Other	1%	5%	6%	9%	5%

INTERNET ACCESS FROM HOME	Q1	Q2	Q3	Q4	OVERALL
Internet access from home computer	84%	85%	89%	84%	86%
Home Computer, but no Internet access	1%	3%	1%	2%	2%
No home computer	15%	12%	10%	13%	12%

Specific Vehicle Characteristics

In terms of the number of vehicles that respondents had in their household, responses ranged from none to 20. The most common response (mode) as well as the median¹⁹ was two vehicles.

¹⁹ The median number represents the 50th percentile, a point in which half of the responses lie above this and half of the responses lie below this number. Given the wide range of responses, this is more meaningful than the average (or mean), which was 2.72.

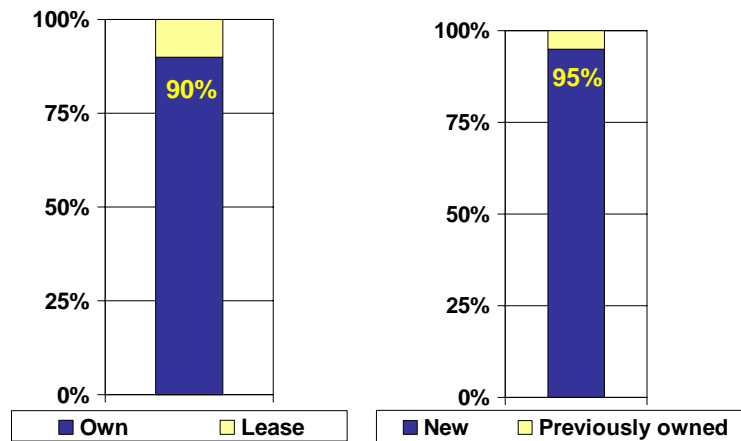
TABLE 16: VEHICLES IN HOUSEHOLD

NUMBER OF VEHICLES IN HOUSEHOLD	Q1	Q2	Q3	Q4	OVERALL
None	0%	0%	1%	0%	<1%
One	13%	9%	17%	17%	14%
Two	43%	44%	38%	35%	40%
Three	23%	25%	25%	29%	25%
Four	11%	10%	14%	12%	12%
Five	3%	3%	1%	2%	2%
More than five	7%	9%	4%	5%	7%

Respondents were also asked if they owned or leased the vehicle in question as well as whether they purchased it new or from a previous owner. Results are summarized in Figure 36. The overwhelming majority of respondents owned the car (90%) and had purchased it new (95%).

FIGURE 36

Vehicle Ownership



SUMMARY CONCLUSIONS & RECOMMENDATIONS

Over the four quarters of 2006, consumer satisfaction surveys were conducted by telephone or by mail with a total of 623 California residents who went through a vehicle arbitration process as overseen by the Arbitration Certification Program of the California Department of Consumer Affairs. The combined results are considered accurate within +/- 3.2%, nineteen times out of twenty.

Results indicate that in general, in 2006 there is much room for improving the visibility and image of the arbitration process: only 24% of all respondents were familiar with the Lemon Law and arbitration process prior to purchasing their vehicle.

Assessments of the arbitration service depended on the outcome of the respondent's case. Arbitration award recipients were satisfied with the program's value and considered the program to be neutral and unbiased, while those who did not receive an award held completely opposite opinions. Similarly, the vast majority of respondents who received awards said they would recommend the process to a friend compared with only a quarter of those who did not.

In terms of overall satisfaction with the entire arbitration process, cumulative results indicated most (87%) of award receiving respondents surveyed were satisfied, which represents a 14% increase over 2005. However, the proportion of satisfied participants among those who did not receive awards remained unchanged (21%).

Those who received awards were significantly more positive in their evaluations of the application and the process itself in terms of being fast and fair than those who did not, although fairness was more important than speed to both groups of respondents. The majority of all in-person hearing participants were satisfied with the convenience of the time and location of the hearing as well as with the site's level of privacy. Similar results were found among those who had conference call hearings in terms of the convenience of the scheduled time and the call quality.

In general, respondents held more favorable opinions of their overall experience with the administration service and with the arbitrator than with the vehicle manufacturer's representatives. This was true whether or not respondents had received an award.

In terms of individual attributes, respondents in both groups valued courtesy the most in their interactions with vehicle manufacturer's representatives, providing reliable information and assistance was most important for the administration service, and being fair was the trait most valued in the arbitrator. Other important factors varied by hearing outcome.

Although evaluations of the vehicle manufacturer's representatives, the administrative service, and the arbitrator all contributed to overall satisfaction with the entire arbitration process, interactions with the arbitrator were the most important.

About the same proportion of all respondents (43%) received an arbitration award of any type in 2006 as in 2005. Those who received an award continue to be significantly more positive in their evaluations of all aspects of the arbitration process than respondents who did not receive an award.

Vehicle buyback was the most frequent award and occurred in 61% of the awarded cases. Among those who received a buyback (156 respondents), 11% were charged negative equity

or loan charge. Fourteen percent of award recipients received a vehicle replacement (36 respondents), and 25% (9 respondents) were charged upgrade fees for a standard option.

Recommendations:

1. Based on the 2006 survey results, ACP should continue its efforts to inform consumers about the California Lemon Law and the arbitration process in order to increase the visibility of the program.
2. Although arbitrator evaluations have increased in 2006 among award recipients, they continue to be the most highly related to overall satisfaction with the arbitration process and, therefore, the ACP should continue to monitor the arbitrators, particularly with regards to perceived bias (or fairness) and arbitration knowledge (about the law, the process and the specific case).
3. The administration services seem to be improving, if only among those who received awards; however, ACP should continue to emphasize to the BBB and the CDSP the importance of providing reliable information and assistance to consumers who apply to the vehicle arbitration program.
4. ACP could encourage vehicle manufacturers to continue having their representatives participate in the hearing process either in person or by teleconference call.
5. Manufacturers' representatives should also be reminded of the importance of courtesy in the arbitration hearing process – specifically among those who represent manufacturers that use the BBB to administer their vehicle arbitration cases.
6. Manufacturers should ensure that consumers who are awarded a vehicle buyback do not have to pay loan charges or negative equity. Similarly, those who are awarded vehicle replacement should not be charged upgrade fees for standard options.